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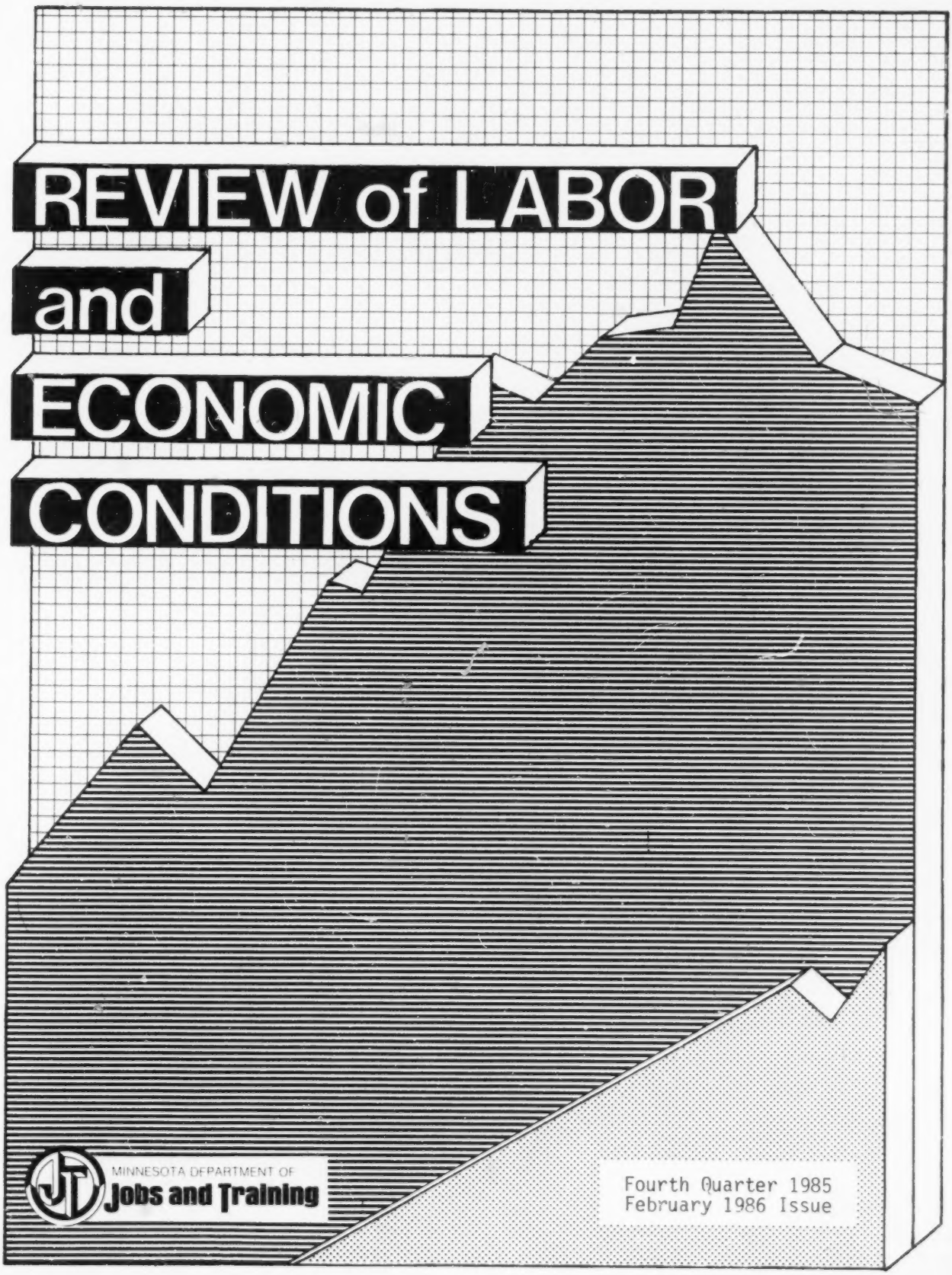
REVIEW of LABOR and ECONOMIC CONDITIONS



MINNESOTA DEPARTMENT OF
Jobs and Training

Fourth Quarter 1985
February 1986 Issue

TABLE OF CONTENTS

RESEARCH SUMMARIES
Minnesota Public Employment..... 1

THE JOB MARKET
The Nursing Care Facilities Industry..... 3

FORECASTS
Forecasts of GNP and Minnesota Payroll Employment..... 5

FEATURE ARTICLE
A Look at the Forecasts for 1986..... 6

BRIEF ANALYSIS OF ECONOMIC CONDITIONS
The National and State Economies in the Fourth Quarter..... 11

ANALYSIS OF LOCAL CONDITIONS
Minneapolis-St. Paul 12
Central and Northwest Minnesota..... 14
Northeast Minnesota..... 15
Southern Minnesota..... 16

STATISTICAL SECTION
Labor Force Statistics..... 17
Labor Market Conditions..... 18
National Economic Activity: Spending, Output, Income, and Prices..... 22
Output, Expenditures, Money, and Credit Conditions..... 23
Income and Purchasing Power..... 24
Minnesota Income Support and Employment Assistance Data..... 25

AVAILABLE PUBLICATIONS..... 26

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Articles on labor market conditions and the economic welfare of Minnesota workers or general economic conditions within the State are welcome. Articles should be submitted complete with tables and graphs. Length should not exceed ten double-spaced typewritten pages, including graphs, references, and notes. The editorial board reserves the right to edit articles for length and clarity.

Editor: H. Lofgreen

Assistant Editor: S. Hamper

Staff: B. Boyle
R. Daws
D. Detrick
B. Steuernagel

Research Summaries

MINNESOTA PUBLIC EMPLOYMENT

by B. Steuernagel

One of the most debated issues at both the federal and state levels in 1986 will be the need to balance government spending and revenue. Eventually, decisions on spending translate into services provided to citizens, whether in the form of police and fire protection, education, street and highway repair, health services, social services, or income support. While not all proposed cutbacks in government spending will result in a decrease in the level of public employment, there will certainly be reductions in many areas. The Research Summary briefly examines government employment in Minnesota especially focusing on a comparison of trends in the growth of private and public sector employment and a detailed distribution of employment based on functions which public employees perform.

In January 1986 there were an estimated 308,700 federal, state and local government employees in Minnesota. About 166,000 or 53.8 percent were working in the Minneapolis-St. Paul MSA. This includes a small number of government employees working in St. Croix County, Wisconsin. Public employees make up 16.8 percent of total nonagricultural wage and salary employment in Minnesota the same as the national average. The following table provides a more detailed breakdown of government employment by specific functions. For example, public employees who work on road construction or repair are categorized in construction while those who are providing services in the administration of a government program, such as natural resources or economic development, are classified in the appropriate public administration category.

About half of the federal employees in Minnesota work for the Postal Service and another third work in a variety of administrative agencies. Most of the balance of federal employees provide health care services at the Veterans Hospitals.

With regard to state and local government, education services is the functional area in which most public employees worked. At the state level, health services is the second largest functional area in terms of employment. At the local level, the second largest functional area, is the basic day-to-day operation of government. This is to be expected given the large number of communities and counties in the state, each of which has its own legislative councils, boards, executives, and support staff.

The following graph presents trends in public and private employment in Minnesota from 1960 through 1985. For public employment, both total and total except educational services, are presented.

The graph shows a noticeable change in the trend of non-educational government employment beginning in 1979 and total government employment in 1981. Whereas public employment had been growing at a faster rate prior to these years, they have lagged behind private employment growth in subsequent years. Employment growth in the public sector in the years 1960-1978 was influenced significantly by the demand for educational services when student enrollment was increasing and the state was increasing funding levels per pupil. A second reason for growth was greater spending in areas of social concern such as welfare. Changes since 1978 reflect declining public school enrollments, a change in political priorities away from domestic programs, and more conservative fiscal policies.

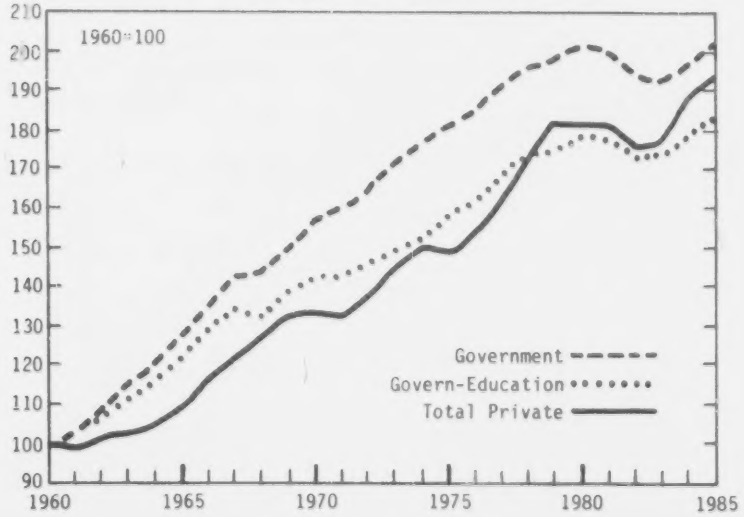
MINNESOTA GOVERNMENT EMPLOYMENT BY
FUNCTION AND LEVEL, MARCH 1985

	Federal		State		Local	
	Number	Percent	Number	Percent	Number	Percent
Total	18262	100.0	35972	100.0	90651	100.0
Construction	0	0.0	1253	3.5	1494	1.6
Transportation, Pub. Util.	8986	49.2	0	0.0	2669	2.9
Trade	90	0.5	0	0.0	127	0.1
Finance, Insur., Real Est.	140	0.8	118	0.3	139	0.2
Services	2702	14.8	20562	57.2	59391	65.5
Health	2633	14.4	4681	13.0	6255	6.9
Education	0	0.0	14377	40.0	50886	56.1
Family and Social Services	10	0.1	42	0.1	1161	1.3
Other	59	0.3	1462	4.1	1089	1.2
Public Administration	6344	34.7	14039	39.0	26831	29.6
Exec., Legisl., Gen'l Govt.	404	2.2	1750	4.9	15323	16.9
Just., Pub. Order, Safety	418	2.3	2954	8.2	4086	4.5
Public Finance, Taxation	947	5.2	1340	3.7	429	0.5
Adm. of Human Res. Prog.	1297	7.1	3677	10.2	2935	3.2
Adm. of Environ. Quality and Housing	632	3.5	1480	4.1	3176	3.5
Adm. of Economic Prog.	1502	8.2	2755	7.7	810	0.9
National Security	1144	6.3	83	0.2	72	0.1

1/ Postal Service.
2/ Does not include students working for school while a full-time student.
3/ Dept. of Education, Public Health, Human Services Administration, Social Security, Unemployment Insurance and Workers Compensation.
4/ Pollution Control, Natural Resources, Housing and Urban Development.
5/ Economic Development, Regulation-Licensing-Administration of Transportation, Regulation of Communication and Public Utilities, Agricultural Marketing and Commodities Regulation.

Source: Covered Employment and Wages, Research and Statistics Office, Minnesota Department of Jobs and Training.

INDEX OF PUBLIC AND PRIVATE EMPLOYMENT
MINNESOTA, 1960-1985



The Job Market

THE NURSING CARE FACILITIES INDUSTRY

By D. Detrick

Employment in the Nursing and Personal Care Facilities Industry has more than tripled over the last twenty-five years in Minnesota. Although industry growth in the 1980's has not kept pace with the rapid gains of the 1970's, employment in the Nursing and Personal Care Facilities Industry is expected to increase faster than total State employment, service industry employment, and medical and other health services industry employment between 1980 and 1990.

Future industry employment will largely depend on swelling numbers of elderly persons, cost-containment measures, and the trend toward substituting nursing home care for some hospital services that will compound the increasing demand for nursing home services. Government reimbursement practices, while slowing overall health care industry employment growth, will encourage a shift in health care from hospitals to other facilities such as nursing homes.1/

The industry employs 45,200 persons (including government), or 2.5 percent of Minnesota's total nonagricultural wage and salary employment. Approximately half of nursing home workers are employed in the Minneapolis-St. Paul nine-county metropolitan area. Two-fifths of the State's 420 nursing home facilities are located in the Twin Cities.

Five major occupational groups account for the majority of employees as follows: Service (67.0 percent); Managerial and Professional (17.5 percent); Technical (6.5 percent); Clerical (5.0 percent); and Machine Operators (2.9 percent). Remaining industry employment is spread among Laborers, Craft, Sales and Farming occupational groups.

Occupations of particular interest are described in Table 1. Of the 10 occupations listed, only licensed practical nurses and maids are projected to grow more slowly in the Nursing and Personal Care Facilities Industry than these same occupations are projected to grow in all industries between 1980 and 1990. By 1990, industry employment of managers and administrators nec. and health aides (except nursing) is expected to surpass that in hospitals. Four of the five largest occupations in 1980 are projected to remain in the top five in 1990. Miscellaneous food preparation workers are expected to become one of the five largest occupations by 1990, as maids drop out of the ranking. Health aides (except nursing) is the only occupation which is both one of the five largest and fastest growing in the industry.

Table 1. Significant Occupations in the Industry

Largest Occupations in 1980	Employment 1980	Employment 1990	% in Employment
Nursing aides, orderlies, and attendants	18301	19397	6.0
Registered nurses	3617	3662	1.2
Licensed practical nurses	2519	2645	5.0
Health aides exc. nursing	1925	3960	105.7
Maids	1770	1623	-8.3
Fastest Growing Occupations 2/			
Laundering and dry cleaning machine operators	956	2217	131.9
Managers and administrators nec.	795	1817	128.6
Health aides exc. nursing	1925	3960	105.7
Secretaries	601	1170	94.7
Misc. food preparation occupations	1700	2694	58.5

1/ "A Second Look at Industry Output and Employment Trends Through 1995", Monthly Labor Review, November, 1985.

2/ Fastest growing occupations with 500 or more workers.

SUPPLY/DEMAND FOR SPECIFIC OCCUPATIONS, JANUARY, 1986[1/]

By S. Hamper

MINNESOTA

Shortage Occupations: highly skilled clerical workers, food service workers#

Surplus Occupations: assemblers#, general laborers#, factory workers#

CENTRAL MINNESOTA

Shortage Occupations: highly skilled clerical workers, especially data-entry operators, typists, and stenographers, over-the-road truck drivers

Surplus Occupations: assemblers#, mechanics, general laborers#, factory workers#

MINNEAPOLIS- ST. PAUL

Shortage Occupations: commissioned sales persons#, skilled clerical workers#, waiters/ waitresses#, food service workers#

Surplus Occupations: assemblers#, general laborers#, factory workers

NORTHEASTERN MINNESOTA

Shortage Occupations: none

Surplus Occupations: entry level managers#, teachers#, social workers#, nurses#, office clerical workers#, typists#, bookkeepers#, sales clerks#, maids#, waiters/waitresses#, food production workers#, machinists#, welders#, auto mechanics#, maintenance mechanics#, carpenters#, bricklayers#, pipefitters#, electricians#, painters#, mining crafts#, laborers: construction, general, and mining#

NORTHWESTERN MINNESOTA

Shortage Occupations: none

Surplus Occupations all occupations

SOUTHERN MINNESOTA

Shortage Occupations: experienced computer programmers, food service workers

Surplus Occupations: clerical workers#, construction workers#, factory workers#, material handlers

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1/ Shortage occupations are those that are difficult to fill or go unfilled due to the lack of qualified applicants. Surplus occupations are those in which the number of qualified applicants greatly exceeds the number of openings.

This occupation has been listed as a shortage or surplus occupation in at least two out of the last three quarters of the Review.

Forecasts

FORECASTS OF GNP & MINNESOTA PAYROLL EMPLOYMENT

By C. Cline

Forecasts for the next eight quarters are given below. They show growth at about the same rates as last time. Real GNP is forecasted to grow at 7.57 percent over 1985:4 - 1986:4 compared to the forecast of 7.77% over 1984:3 - 1985:3. Minnesota nonagricultural wage and salary employment is forecasted to grow by 4.97 percent whereas the last forecast was for 5.51 percent growth. The percent change rates over the first four-quarter period was the actual estimate as the initial value.

These forecasts are based on revised data for the period 1950:1 through 1986:4. The series for Real GNP was completely revised and the constant dollar index changed to 1982. Benchmarking of wage and salary employment resulted in revised values for 1983, 1984 and 1985. Percent errors for the employment variables of our forecast for 1985:4, based on the revised historical data, were slightly larger than usual.

Our forecast for Real GNP is higher than those from a number of forecasters. If an average of the forecasts for Real GNP reported by the Conference Board is used to produce conditional forecasts for Minnesota employment, the growth rate for total employment is 2.19 percent as opposed to 4.97 percent for 1986 and 3.05 percent compared to 6.47 percent for 1987.

Quarter	Real GNP (Billions of 1972 Dollars)	MINNESOTA PAYROLL EMPLOYMENT, BY QUARTER (In Thousands)								
		Total Nonagricultural Wage & Salary	Mining	Contract Construction	Manufacturing	Transportation, Communications, & Public Utilities	Retail and Wholesale Trade	Finance, Insurance, & Real Estate	Services	Government
Current										
1985:4	3594.80	1893.96	7.93	75.58	369.98	100.40	475.80	112.17	440.20	311.90
Forecasts										
1986:1	3659.39	1844.52	7.85	57.22	360.84	97.38	457.02	112.16	440.35	312.69
1986:2	3722.82	1915.75	9.39	73.51	368.25	99.86	476.77	114.63	457.45	315.40
1986:3	3800.86	1950.36	9.61	87.62	387.26	100.85	485.48	116.39	465.38	291.10
1986:4	3866.58	1988.11	9.04	82.76	386.53	104.10	494.90	116.23	471.32	318.88
1987:1	3925.64	1951.59	8.60	62.69	386.17	102.10	479.22	116.45	471.58	320.42
1987:2	3976.92	2038.77	9.86	80.45	398.91	105.51	502.76	119.21	490.52	323.73
1987:3	4020.71	2081.57	9.99	95.40	421.52	106.85	511.44	121.31	497.57	301.00
1987:4	4056.06	2116.81	9.40	88.53	418.95	110.10	521.61	121.19	504.81	328.38

Notes

1. These forecasts are produced using the Vector Autoregression model developed for Research by Rao Aiyagari.
2. The concept of employment forecasted is that of Nonagricultural Wage and Salary employment. The count represents the number of jobs held since the data is generated from a survey of employer payroll records. Groups included in labor force employment, but excluded here are the self employed, domestics, unpaid family workers, employees of nonprofit institutions, and those government workers not covered by unemployment insurance.
3. Employment forecasts are seasonally unadjusted values. Real GNP is seasonally adjusted.
4. Forecasts of major industry employment do not sum to the forecast of total wage and salary employment. This is due to random error in the forecasted values.
5. There is great diversity in the accuracy of the forecasts among the major industry divisions, especially mining. More information on their accuracy can be obtained from the author on request.

Feature Article

A LOOK AT THE FORECASTS FOR 1986

By B. Boyle

I. INTRODUCTION

This year, as opposed to past years when the Director of Research and Statistics developed his own economic outlook for the following year for both the Nation and Minnesota, it was decided that we would present and discuss a number of national forecasts. In the last part of this article, we will discuss the latest developments among the available economic indicators and summarize prospects for the Nation's economy in 1986.

The main source for the forecasts was the Blue Chip Economic Indicators publication which provided fifty four of the sixty five forecasts. Forecasts were also obtained from the Conference Board Statistical Bulletin and the US News and World Report and Nation's Business magazines. Publications produced by Goldman Sachs Economics, the University of Michigan's Survey Research Center, Merrill Lynch Economics and Data Resources Inc. provided forecasts with considerable detail. We were able to obtain the latest Blue Chip forecasts as well as a few others included in the Blue Chip publication but we may not have the most recent forecasts for the other forecasting groups shown in Table 1. Part II of this article will include a table (table 3) showing sixty five forecasts of real gross national product together with several other economic variables for 1986. The table will also give the Blue Chip forecasts developed in both November 1985 and February 1986 as well as the highs and lows of the various economic variables. We will discuss the differences between the forecasts and insofar as information was available provide some of the economists' assumptions.

II. As shown in Table 3, the spread in the November 1985 forecasts was noticeably wider than in the forecasts developed in February 1986. Robert Eggert, editor of the Blue Chip report, noted that the spread in the November forecasts was the widest in Blue Chip's eight year history. He also said that such a large spread indicated that a lot of uncertainty existed at that time. In February, however, the forecasts not only showed less of a spread but also were generally more optimistic. In November the forecasted percent changes in real gross national product (GNP) ranged from 5.1 to -0.7 while in February the percent changes varied between 5.0 and 1.5. Although the Consensus Forecast remained the same in February, seven of the forecasters raised their GNP growth by more than 0.4 of a percent. The largest revision was made by Business Economics which raised its forecast from a decline of 0.7 percent in real GNP to a gain of 1.5 percent. On the other hand, only three forecasting firms lowered their GNP forecasts by more than 0.5 of a percent.

Table 1
Largest Changes in Real GNP Forecasts
November 1985 to February 1986
All Forecasts

Largest Increases		
Business Economics, Inc.	2.4	(-0.7 to 1.7)
Chase Manhattan Bank	1.1	(1.5 to 2.6)
Siff, Oakley, Marks, Inc.	0.8	(1.0 to 1.8)
Cahner's Publishing Co.	0.8	(0.9 to 1.7)
Pennzoil Company	0.8	(2.3 to 3.1)
Merrill Lynch	0.6	(3.0 to 3.6)
Georgia State	0.5	(2.9 to 3.4)
Conference Board	0.4	(3.0 to 3.4)
Eggert Economic Enterprises	0.4	(2.8 to 3.2)
U.S. Trust Company	0.4	(2.5 to 2.9)
Data Resources Inc.	0.4	(2.0 to 2.4)

Largest Decreases

Peter L. Bernstein	-1.1	(5.0 to 3.9)
Fairmodel - Economica Inc.	-0.6	(3.9 to 3.3)
Manufacturers Hanover Trust	-0.6	(3.6 to 3.0)
Marine Midland Bank	-0.5	(3.9 to 3.5)
1st National Bank - Chicago	-0.5	(2.7 to 2.2)
Econoclast	-0.4	(4.1 to 3.7)
La Salle National Bank	-0.4	(3.6 to 3.2)

Some interesting numbers turned up among the high and lows in the forecasts of the various economic variables

* The highest domestic auto sales was forecast by Fairmodel-Economica which had predicted real GNP growth only 0.2 above the Blue Chip average.

Table 2
Highs and Lows
in Blue Chip Forecasts
for 1986

Economic Variable	Percent Change or Number	Forecasting Organization
Highs		
Real GNP	5.0 (% change)	Bostian Research Assoc.
Non-Res. Fixed Investment	10.0 (% change)	Econoviews Int'l, Inc.
Profits - Pretax	27.0 (% change)	Peter L. Bernstein
Industrial Production	6.8 (% change)	Bostian Research Assoc.
Auto Sales - Domestic	9.2 (million)	Fairmodel-Economica Inc.
Auto Sales - Import	3.4 (million)	Sears Roebuck
		Morgan Guaranty
		Chrysler Corporation
Housing Starts	2000.0 (thous.)	Bostian Research Assoc.
Disposable Personal Income	4.3 (% change)	Bostian Research Assoc.
Unemployment Rate	7.3	Bank of America, N.A.
		Arthur D. Little
		Business Economics, Inc.
Consumer Price Index	4.7 (% change)	Chase Manhattan Bank
GNP Price Deflator	4.4 (% change)	Chase Manhattan Bank
Lows		
Real GNP	1.5 (% change)	Inforum-U of MA.
Non-Res. Fixed Investment	-5.0 (% change)	Business Economics, Inc.
Profits - Pretax	-4.7 (% change)	Inforum - U of MA.
Industrial Production	-1.5 (% change)	Arthur D. Little
Auto Sales - Domestic	7.1 (million)	Georgia State
		Chrysler Corporation
Auto Sales - Import	2.4 (million)	Morgan Stanley & Co.
		Cahnor's Publishing Co.
Housing Starts	1500.0 (million)	Arthur D. Little
Disposable Personal Income	1.5 (% change)	Northern Trust Company
Unemployment Rate	6.4	Harris Trust & Savings Bank
Consumer Price Index	1.5 (% change)	Prudential Bache
GNP Price Deflator	2.3 (% change)	Prudential Bache

* The total auto sales (domestic and import) that went with the highest (Bostian) and lowest (Inforum) real GNP forecasts were almost identical.

* Northern Trust Company whose real GNP forecast was only 0.1 below the Blue Chip average expected the smallest growth in disposable personal income.

* Chrysler Corporation had one of the low forecasts for domestic auto sales and one of the highs for import auto sales.

* The highest inflation was expected by a forecasting organization who forecast rather slow growth in real GNP (Chase Manhattan Bank).

The two main causes of the increased optimism seem to be the surge in stock prices and the plunge in oil prices both of which occurred in the last quarter of 1985. In addition to the rising stock prices and falling oil prices, optimists in general, point to the depreciating dollar, declining interest rates and increasing money supply as reasons for their optimism. At the top is the Bostian group which appears to expect a good year on almost all counts - sharp rises in industrial production, disposable personal income and housing starts. Harris Trust cites improvement in productivity and substantial excess capacity as major factors in a year of strong growth. Peter Bernstein believes that the decline in the value of the dollar will be the big generator of strength in the economy in 1986. The CM & M group thinks that inventory rebuilding will bolster the economy this year.

Closer to the other end of the scale is Arnhold and Bleichroeder's Timothy Sullivan who won the Fifth Annual Silberg Economic Forecasting Award for his accurate forecasting from 1982 to

Table 3
1986 Forecasts of the U.S. Economy
(Annual Percent Change Except as Noted)
By Selected Variables as Available
In Descending Order of Real GNP

Forecasting Organization	Real GNP			Invest.	Profits Pretax	Indust. Produc.	Auto Sales Dom. (mill.)	Auto Sales Import (mill.)	Housing Starts (thous.)	Dispos. Pers. Income	Unempl. Rate (86 Avg.)	Cons. Price Index	GNP Price Deflator
	Feb. 1986	Nov. 1985	Chg. Nov. to Feb.										
Bostian Research Assoc.*	5.0H	5.1	-0.1	8.7	21.0	6.8H	8.4	2.9	2000.0H	4.3H	6.6	4.1	3.9
Harris Trust & Savings Bank*	4.8	4.7	0.1	6.0	19.5	5.5	8.3	3.2	1860.0	3.0	6.4L	3.6	3.6
First Interstate Bancorp.	4.8												
CM & M Group	4.4												
Polyconomics*	4.3	4.5	-0.2	7.0	9.0	4.1	7.8	2.7	1800.0	3.9	6.8	2.9	2.9
Peter L. Bernstein*	3.9	5.0	-1.1	5.4	27.0H	5.7	7.7	2.5	1900.0	3.2	6.6	3.3	3.3
Econoviews International, Inc.*	3.9	3.9	0.0	10.0H	14.0	3.7	7.4	3.1	1850.0	3.5	6.6	3.7	3.3
Morris Cohen & Assoc.*	3.8	3.9	-0.1	6.0	15.8	4.2	8.3	3.0	1850.0	3.8	6.5	3.5	3.2
Kemper Financial Services	3.8										6.4	4.6	
Evans Economics*	3.8	3.9	-0.1	6.2	18.0	4.6	7.5	3.1	1820.0	2.4	6.6	3.2	3.1
Wayne Hummer & Co.*	3.8	3.5	0.3	6.9	11.0	3.3	7.7	2.9	1800.0	3.9	6.6	3.6	3.2
Econoclast*	3.7	4.1	-0.4	4.3	10.3	3.2	8.0	3.3	1850.0	3.0	6.7	3.0	2.8
Irving Trust Co.*	3.7	3.7	0.0	5.3	12.5	3.6	7.7	2.9	1690.0	3.0	6.5	4.2	3.1
Goldman Sachs Economics	3.7	3.6	0.1			4.6			1950.0	6.3	6.4	4.3	3.9
Sears Roebuck*	3.6	3.5	0.1	4.9	15.1	4.1	7.7	3.4H	1790.0	3.1	6.6	3.1	3.3
Merrill Lynch*	3.6	3.0	0.6	5.6	7.0	4.0	7.5	3.2	1800.0	3.2	6.7	3.0	2.7
Dr. Walter Heller, U of M	3.5								1900.0		6.9	3.5	
Chamber of Commerce of USA	3.5	3.7	-0.2	5.6	19.0	4.7	8.5	3.2	1900.0	2.8	6.7	3.0	3.2
Fleet Financial Group	3.5												
Conference Board*	3.4	3.0	0.4	4.4	4.7	4.0	8.4	3.2	1790.0	2.6	6.6	4.0	3.6
Prudential Insurance*	3.4	3.7	-0.3	6.3	15.0	3.2	8.3	3.3	1810.0	3.1	6.7	4.1	3.7
Security Pacific Nat'l Bank*	3.4	3.3	0.1	4.6	14.3	3.5	7.9	3.2	1810.0	2.7	6.6	3.2	3.1
Georgia State*	3.4	2.9	0.5	4.3	11.0	2.3	7.1L	3.1	1800.0	2.4	6.6	3.3	3.0
UCLA Business Forecast*	3.4	3.1	0.3	2.8	7.2	3.1	7.6	3.2	1890.0	2.4	7.0	3.6	3.4
Marine Midland Bank*	3.4	3.9	-0.5	5.4	4.7	3.6			1860.0		6.7	3.1	3.0
Fairmodel-Economica, Inc.*	3.3	3.9	-0.6	3.2	11.0	5.0	9.2H	3.0	1880.0	2.2	6.7	2.8	3.1
US News & World Report	3.3					2.5			1925.0		7.3	3.1	
Citicorp Info. Services	3.3										6.5	4.0	3.8
Dr. Murray Weidenbaum, W.U St.L.	3.2										6.6	3.9	3.9
Charles Reeder*	3.2			4.3	9.6	3.8	7.7	3.1	1800.0	2.5	6.9	2.6	2.8
Eggert Economic Enterprises*	3.2	2.8	0.4	3.6	9.8	3.4	7.6	3.1	1810.0	2.9	7.1	3.5	3.3
Dean Witter Reynolds*	3.2	3.5	-0.3	4.5	9.1	4.3	7.4	3.1	1800.0	2.4	6.8	4.1	3.8
E.I. Dupont Co.*	3.2	2.9	0.3	2.3	15.0	3.6	7.6	3.2	1830.0	2.6	6.9	2.9	2.9
LaSalle National Bank*	3.2	3.6	-0.4	3.6	6.5	3.5	7.5	3.3	1750.0	3.3	6.8	3.4	3.3
Blue Chip Economic Indicators Ave. of 50 forecasts (Feb. 1986)	3.1	3.1	0.0	3.7	9.6	3.1	7.7	3.1	1800.0	2.6	6.9	3.5	3.4
Brown Brothers Harriman*	3.1	3.0	0.1	2.6	11.3	2.5	7.7	3.1	1830.0	2.4	6.8	4.0	3.5
Pennzoil Co.*	3.1	2.3	0.8	0.9	12.5	2.0	8.0	3.3	1800.0	3.3	6.9	4.4	4.3
Northern Trust Co.*	3.0	3.1	-0.1	4.5	8.1	2.3	7.4	3.2	1740.0	1.5L	6.9	3.6	3.6

Table 3 (continued)
1986 Forecasts of the U.S. Economy
(Annual Percent Change Except as Noted)
By Selected Variables as Available
In Descending Order of Real GNP

Forecasting Organization	Real GNP			Invest.	Profits Pretax	Indust. Produc.	Auto Sales Dom. (mill.)	Auto Sales Import (mill.)	Housing Starts (thous.)	Dispos. Pers. Income	Unempl. Rate (86 Avg.)	Cons. Price Index	GNP Price Deflator
	Feb. 1986	Nov. 1985	Chg. Nov. to Feb.										
Manufacturers Hanover Trust*	3.0	3.6	-0.6	5.4	11.7	4.1	7.8	3.2	1900.0	2.4	6.6	3.2	3.3
Morgan Guaranty*	3.0	3.0	0.0	4.9	14.1	2.7	8.2	3.4H	1840.0	2.6	6.9	3.3	3.0
U of Michigan RSQE	2.9								1800.0	1.8	7.3		
W.R. Grace Co.*	2.9	2.9	0.0	4.5	8.5	2.6	7.6	2.8	1730.0	2.0	6.9	3.9	3.5
Prudential Bache*	2.9	3.0	-0.1	3.5	8.0	4.5	8.2	3.3	1900.0	1.7	6.9	1.5L	2.3L
Morgan Stanley & So.	2.9	2.9	0.0	2.7	6.9	4.1	7.9	2.4L	1800.0	2.5	6.8	3.7	3.7
Philadelphia Nat'l Bank*	2.9	2.8	0.1	5.3	7.2	2.7	7.6	2.9	1790.0	2.6	6.9	3.4	3.3
Bankers Trust*	2.9	3.1	-0.2	2.4	10.1	3.2	8.1	3.0	1810.0	2.7	7.0	3.7	3.5
Nat'l City bank of Cleveland*	2.9	3.2	-0.3	2.8	7.8	2.5	7.3	3.2	1700.0	2.2	7.0	3.9	3.6
U.S. Trust Co.*	2.9	2.5	0.4	2.0	12.0	4.0	8.0	3.0	1850.0	2.5	6.8	3.5	3.4
Chrysler Corp.*	2.8	3.0	-0.2	5.0	10.0	2.5	7.1L	3.4H	1750.0	2.4	7.0	2.8	3.1
Nat'l Bureau of Economic Research Avg. of 28 forecasts	2.7												
Metropolitan Insurance*	2.7	2.5	0.2	3.5	8.5	2.4	7.3	2.7	1650.0	2.3	7.2	4.1	
Wharton Econometrics	2.6										7.2	4.1	3.6
Bank of America, N.A.*	2.6	2.6	0.0	2.5	11.4	1.7	7.6	3.2	1880.0	2.3	7.3		3.3
Chase Manhattan Bank*	2.6	1.5	1.1	0.8	5.0	2.9	7.4	3.1	1700.0	2.7	7.3H	4.1	3.7
Chase Econometrica	2.5										7.1	4.7H	4.4H
Meyer & Assoc.*	2.5	2.5	0.0	6.2	8.6	2.8	7.6	3.3	1850.0	1.9	6.9	3.5	3.3
A. Gary Schilling & Co.	2.5										7.0	3.1	3.2
Equitable Life Assurance*	2.5	2.6	-0.1	1.6	5.0	2.8	7.5	2.7	1790.0	2.1	7.1	3.4	3.5
Data Resources	2.4	2.0	0.4			2.3			1899.0	2.0	6.9	3.2	3.2
1st Nat'l Bank - Chicago*	2.2	2.7	-0.5	2.1	-0.3	1.9	7.2	3.1	1750.0	2.6	7.0	3.9	3.6
Arnold & S. Bleichroeder*	2.0	2.2	-0.2	2.2	-1.5	1.4	7.5	3.2	1790.0	2.5	7.2	3.7	3.1
Arthur D. Little*	2.0	2.0	0.0	-1.5	-2.0	-1.5L	7.2	2.6	1500.0L	2.0	7.3H	3.0	3.5
Siff, Oakley, Marks, Inc.	1.8	1.0	0.8	1.5	1.3	1.2	7.4	3.1	1700.0	1.9	7.2	3.9	3.6
Business Economics, Inc.	1.7	-0.7	2.4	-5.0L	5.0	0.0	7.3	3.1	1650.0	2.0	7.3H	3.7	3.5
Cahner's Publiching Co.	1.7	0.9	0.8	-1.5	-0.2	-1.1	7.4	2.4L	1670.0	1.8	7.2	3.3	3.0
Inforum-U. of Maryland	1.5L			-2.9	-4.7L	0.3	8.3	2.9	1780.0	2.4	7.1	4.2	4.1
ACTUAL DATA													
1985		2.3		9.6	9.4	2.2	8.2	2.8	1730.0	1.6	7.2	3.6	3.3
1984		6.5		11.5	27.8	11.5	8.0	2.4	1750.0	5.7	7.5	4.3	4.1
1983		3.5		-1.8	42.5	5.9	6.8	2.4	1700.0	3.2	9.6	3.2	3.8

* In Blue Chip Survey

H = high in Blue Chip
L = low in Blue Chip

1984. Mr. Sullivan believes that economic growth will be slowed by lower capital spending resulting from excess capacity in the industrial sector and overbuilding in the commercial sector. He also expects housing to be flat because bankers have tightened their lending rules and that auto production will be cut back because of the inventory buildup. Also somewhat pessimistic even though they have raised their forecast for 1986 by 0.4 percent are Data Resources economists who also expect that weak capital spending will slow economic growth. In addition they do not think that the money supply will grow fast enough to support stronger growth.

Dr. Walter Heller, Regents professor of economics at the University of Minnesota, whose earlier forecast of 3.3 percent over-the-year growth in real GNP was not far above the Blue Chip average believes that the economy could rebound in 1986. He is now forecasting GNP growth of 3.5 percent for 1986. Mr. Heller believes that the declines in the dollar and in oil prices, the drop in interest rates and the federal deficit itself will boost GNP in 1986. Unlike many economists, Mr. Heller does not believe that consumer spending will be sluggish this year. He expects that consumer spending will be lifted by the increase in income resulting from the soaring stock and bond prices and from gains in employment. However, Mr. Heller does not think that consumer spending will rise quite as much as real GNP this year.

Merrill Lynch Economics, which also had a forecast close to the Blue Chip average in November, has now raised its GNP growth by 0.4 percent after an earlier upward revision of 0.2 percent. The main reason for the revision was that their assumption about oil prices for 1986 was reduced. Merrill Lynch also believes that consumer spending will rise substantially in 1986 because of the increased net worth from the surge in stock prices.

III. Recent Developments and Conclusion

On the surface, a significant amount of the latest batch of economic statistics would seem to indicate that the economy began the year on a weak note. However, analysts attributed much of the bad news to special factors. For example, the December and January personal income numbers were distorted by farm subsidy payments, cost of living adjustments, higher social security taxes and a military pay raise. Excluding these special factors, personal income would have risen 0.7 percent in December and 0.2 percent in January instead of the 1.2 percent increase in December and the 0.1 percent drop in January. Also, some economists believe that the January weaknesses in retail sales and personal consumption expenditures may have been caused by the robust Christmas sales stealing from January sales. Economists expect that the falling oil prices and declining interest rates should boost consumer spending in the coming months. Furthermore, analysts believe that the dismal employment report for February was also primarily the result of special circumstances. Department of Labor officials say that much of the 0.6 of a percentage point surge in the unemployment rate in February was caused by the bad weather in the agricultural areas of California, the slumping oil industry in

CONTINUED ON PAGE 26

Brief Analysis Of Economic Conditions

THE NATIONAL AND STATE ECONOMIES IN THE FOURTH QUARTER

by B. Boyle

Nation

Although the Nation's economy grew at a sluggish 1.2 percent in the fourth quarter of 1985, other developments such as the plunge in oil prices and the drop in the dollar suggested that economic growth would accelerate in 1986. In fact, many private forecasters have been revising their projections upward for 1986, with a number of them now nearing the administration's forecast of 4 percent.

In spite of the slow overall economic growth, labor market conditions continued to improve in the fourth quarter and especially in January. The seasonally adjusted unemployment rate fell to 6.7 percent in January, the lowest since March 1980, following averages of 7.0 percent in the fourth quarter and 7.2 percent in the third quarter. Also, seasonally adjusted nonfarm payroll employment jumped by 566,000 in January after gains of 842,000 in the fourth quarter and 744,000 in the third quarter. Perhaps the most significant development in the fourth quarter and January was that employment in manufacturing rose moderately for the fourth consecutive month in January after declining in the first three quarters of 1985.

A number of economists discounted the weak January performances by several indicators - industrial production, retail sales, personal income and personal spending. They maintain that even though industrial output has been rising moderately, the three months of gain followed declines or stagnation for most of 1985. They also believe that retail sales, personal income and personal spending will resume growth in the following months.

State

Employment developments in the State were also somewhat mixed in the fourth quarter as total employment rose faster than in the third quarter, nonfarm payroll employment increased more slowly and the unemployment rate held steady. In January, however, both total and nonfarm payroll employment rose sharply compared to earlier months.

Revised labor force figures show that the State's seasonally adjusted unemployment rate was 6.0 percent in both the third and fourth quarters of 1985 before jumping to 6.4 percent in January. The rate averaged 5.6 percent in the second quarter. Seasonally adjusted total employment rose by 3,100 in the fourth quarter after declining by 3,400 in the third quarter. In January, however, total employment climbed by a strong 13,400. Meanwhile, seasonally adjusted nonfarm payroll employment increased more slowly in the fourth quarter, rising by 5,600 after a gain of 7,600 in the third quarter. A bright development was that employment in manufacturing rose modestly in the fourth quarter after suffering large declines in the first three quarters of 1985. Also, employment in trade picked up sharply in the fourth quarter. On the other hand, employment in construction fell in the fourth quarter while employment growth in services and government slowed significantly in the same period. In January, adjusted payroll employment climbed by a healthy 4,000, after much smaller gains in the two previous months. The largest over-the-month increases were in services (1,900), trade (690) and construction (670). Construction employment rose for the first time in January since October while employment in manufacturing increased for the second straight month after declining steadily since February 1985.

Analysis of Local Conditions

MINNEAPOLIS-ST. PAUL MSA

by B. Steuernagel

The Twin Cities area unemployment rate again increased by a greater than usual amount between December and January. Seasonal factors generally cause the unemployment rate to rise by about 0.4 of a percentage point between these months. This year's change of 0.6 of a percentage point was due to a greater than usual increase in the number of unemployed workers.

Year ago comparisons show that the current unemployment rate continues to be at the same level or higher than a year ago for the sixth consecutive month. The greatest increases in the joblessness rate over the past year have occurred in the northern and southwestern suburban counties. This can be generally attributed to layoffs in the durable goods manufacturing industries located in the western half of the Twin Cities metropolitan area.

There were about 27,000 more nonagricultural wage and salary jobs in the Twin Cities area in January 1986 than a year earlier. There were more jobs in each major industry category with the exception of manufacturing and communication/public utilities. Retail trade and service firms accounted for about half of the growth. Restaurants, automobile dealers, home furnishings stores led the way in retail hiring activity, while in the service sector most of the new jobs were added personal, repair, and legal services. Notably, both business and health services showed only modest growth in 1985. Health service job growth took place almost entirely outside of hospitals and nursing homes, while the sluggish economy cut into business services growth, particularly temporary employment services.

While the number of jobs added to the payroll in transportation, construction, finance/insurance/real estate, and construction was not as great as the trade and service sectors, the rate of growth in the former industries was more impressive. In the transportation industry most new job growth took place in the airlines industry. Low interest rates and increased sales created greater demand for workers in both finance and real estate firms. The lower interest rates also aided the construction industry during 1985.

The local manufacturing sector had about 7,000 fewer jobs in January 1986 than a year ago. While the loss of jobs was fairly widespread, the brunt of the loss was felt in the electrical machinery/electronic components, and computer industries.

LABOR FORCE ESTIMATES

AREA	CIVILIAN LABOR FORCE			UNEMPLOYMENT			UNEMP. RATE		
	Jan. 1986	Dec. 1985	Jan. 1985	Jan. 1986	Dec. 1985	Jan. 1985	Cur. Mo.	Mo. Ago	Yr. Ago
Minneapolis-St. Paul MSA*	1,307,964	1,325,905	1,283,099	72,336	65,592	65,225	5.5	4.9	5.1
REGION 11	1,211,388	1,228,993	1,189,356	64,012	58,397	58,018	5.3	4.8	4.9
Anoka	124,501	126,334	121,975	7,671	7,140	6,779	6.2	5.7	5.6
Carver	23,081	23,305	22,551	1,325	1,109	1,099	5.7	4.8	4.9
Dakota	125,450	126,782	123,489	7,162	6,100	6,854	5.7	4.8	5.6
Hennepin	564,577	573,567	553,831	27,475	25,596	24,236	4.9	4.5	4.4
Ramsey	273,413	277,430	268,992	14,299	13,072	13,500	5.2	4.7	5.0
Scott	28,372	28,634	27,679	2,268	2,001	1,940	8.0	7.0	7.0
Washington	71,994	72,941	70,839	3,812	3,379	3,610	5.3	4.6	5.1
Chisago*	16,815	16,881	16,348	1,541	1,298	1,288	9.2	7.7	7.9
Isanti*	15,001	15,083	14,584	1,252	1,056	1,027	8.3	7.0	7.0
Wright*	37,806	37,951	36,900	3,482	2,932	3,056	9.2	7.7	8.3
St. Croix, WI	26,954	26,997	25,911	2,049	1,909	1,836	7.6	7.1	7.1
Bloomington	49,098	49,755	47,939	2,504	2,218	1,996	5.1	4.5	4.2
Minneapolis	209,413	212,953	205,356	10,947	10,471	9,665	5.2	4.9	4.7
St. Paul	156,325	158,520	154,055	9,053	8,268	8,842	5.8	5.2	5.7

* Chisago, Isanti and Wright counties are a part of the Minneapolis/St. Paul-MN-WI MSA, but are included in Region 7.

Analysis of Local Conditions

MPLS-ST. PAUL NONAGRICULTURAL WAGE & SALARY EMPLOYMENT, HOURS & EARNINGS

Industry	EMPLOYMENT 1/ (thousands)			PERCENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS 2/					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Jan. 1986	Dec. 1985	Jan. 1985	Dec. 1985	Jan. 1985	Jan. 1986	Jan. 1985	Jan. 1986	Jan. 1985	Jan. 1986	Jan. 1985
Total Nonagricultural	1210.4	1232.2	1183.4	-1.8	2.3						
Manufacturing	252.5	254.6	260.2	-0.8	-3.8	456.21	430.09	11.10	10.48	41.1	41.0
Durable Goods	160.5	161.9	166.8	-0.8	-3.8	470.53	436.35	11.15	10.33	42.2	42.2
Lumber and Furniture	5.0	5.0	5.2	-0.4	-4.6	477.30	427.81	12.90	11.19	37.0	38.2
Stone, Clay and Glass	2.5	2.8	2.7	-10.2	-8.0	369.85	369.02	11.38	10.11	32.5	36.4
Primary Metals	4.9	4.8	4.8	2.3	2.0	388.67	390.71	9.06	9.14	42.9	42.6
Fabricated Metals	29.5	29.9	28.9	-1.2	2.2	508.04	479.52	11.87	11.38	42.8	42.0
Nonelectrical Machinery	66.3	66.6	74.0	-0.4	-10.4	495.86	473.70	11.64	10.54	42.6	44.8
Office and Computing	34.8	35.1	39.4	-0.8	-11.5	534.10	523.62	12.25	10.72	43.6	48.8
Electrical Machinery	15.9	16.2	18.5	-2.4	-14.2	350.47	307.23	8.74	7.97	40.1	38.5
Transportation Equipment	4.7	4.6	3.3	1.6	41.3	728.28	431.18	14.45	13.04	50.4	36.9
Scientific Instruments	25.6	25.5	24.1	0.2	6.1	434.78	4.4.41	10.23	10.01	42.5	41.4
Miscellaneous Manufacturing	4.0	4.3	3.4	-6.9	18.4	389.30	377.72	9.16	9.84	42.5	38.0
Nondurable Goods	92.0	92.7	93.4	-0.7	-1.5	433.40	420.42	11.00	10.77	39.4	38.9
Food and Kindred	17.5	17.6	18.0	-0.8	-2.8	434.06	391.48	10.51	9.68	41.3	40.3
Textiles and Apparel	1.8	1.8	2.2	0.3	-18.4	211.20	242.85	6.23	6.69	33.9	36.2
Paper and Allied	25.3	25.8	25.8	-1.8	-2.0	475.78	464.96	11.52	11.14	41.3	41.7
Printing and Publishing	30.5	30.4	29.8	0.3	2.3	410.31	417.24	11.18	11.59	36.7	36.0
Chemicals and Petroleum	8.4	8.6	8.2	-1.7	2.4	512.95	486.75	12.39	12.22	41.4	39.7
Rubber, Plastic and Leather	8.5	8.5	9.3	-0.2	-9.0	382.71	357.63	9.64	9.09	39.7	39.2
Nonmanufacturing	957.9	977.6	923.2	-2.0	3.8						
Mining											
Metal Mining											
Construction	41.6	45.6	39.0	-8.7	6.7	600.51	618.97	16.23	16.55	37.0	37.3
Transport., Comm., & Pub. Util.	68.6	68.9	65.3	-0.5	5.0						
Transportation	47.1	47.3	43.5	-0.4	8.4						
Trucking and Warehousing	16.4	17.0	15.1	-3.5	8.3	375.97	389.03	12.92	12.34	29.1	31.4
Communication and Public Util.	21.5	21.6	21.8	-0.6	-1.7	512.07	522.97	13.37	13.13	38.3	39.8
Trade	299.9	309.4	290.5	-3.0	3.2	250.80	236.67	8.25	8.05	30.4	29.3
Wholesale	78.3	78.7	78.0	-0.5	0.4	428.93	385.39	10.75	10.35	39.9	37.1
Retail	221.6	230.7	212.5	-3.9	4.3	196.90	189.85	7.16	7.05	27.5	26.9
Building Materials	9.1	9.5	8.8	-3.7	3.4	337.59	343.76	9.30	9.47	36.3	36.2
General Merchandise	37.3	40.2	37.2	-7.2	0.4	174.05	174.26	6.72	6.36	25.9	27.3
Food Stores	26.5	27.1	25.8	-2.3	2.5	239.97	239.04	8.43	8.29	28.5	28.7
Automotive	22.6	22.8	21.4	-1.0	5.7	424.39	364.05	9.41	9.75	45.1	37.2
Apparel	11.6	12.4	11.7	-6.5	-1.1	99.65	121.45	5.11	5.34	19.5	22.7
Home Furnishings	10.5	10.6	9.4	-0.5	11.5	225.46	254.73	7.32	7.78	30.8	32.6
Eating and Drinking	74.0	76.3	69.5	-3.0	6.5	108.93	94.66	5.02	4.63	21.7	20.3
Fin., Insur., Real Est.	86.8	86.4	82.0	0.4	5.8	374.36	317.34	8.85	8.60	42.3	36.8
Finance	36.7	36.4	35.5	0.7	3.4	472.34	327.96	11.14	9.01	42.4	36.4
Insurance	34.6	34.6	32.7	-0.1	5.6	282.44	358.63	6.63	8.78	42.6	40.7
Real Estate	15.5	15.4	13.8	0.9	12.4	211.00	206.42	7.01	6.94	30.1	29.6
Services	295.0	300.0	286.1	-1.7	3.1						
Personal Services	15.6	15.4	14.5	1.1	7.2						
Business Services	67.5	70.4	65.7	-4.1	2.7						
Repair Services	14.5	14.6	13.6	-0.7	6.3						
Health Services	79.1	79.6	77.8	-0.7	1.7						
Hospitals	29.2	29.6	29.3	-1.1	-0.3						
Nursing Homes	21.7	21.6	21.8	0.2	-0.6						
Legal Services	9.6	9.4	9.0	1.9	6.0						
Private Education	16.1	16.7	15.9	-3.9	1.2						
Government	166.0	167.3	160.2	-0.8	3.6						
Federal	19.3	19.3	18.2	-0.1	5.9						
State	50.6	50.0	49.9	1.3	1.4						
Education	28.1	27.5	26.7	2.1	4.9						
Local	96.1	98.0	92.1	-2.0	4.3						
Education	51.2	53.0	48.7	-3.5	5.2						

1/ Totals may not add because of rounding.

2/ Average earnings data are on a "gross" basis and are derived from reports of payroll for full and part-time production or nonsupervisory workers. The payroll is reported before deductions of any kind. Bonuses, retroactive pay, tips, payment in kind, and "fringe benefits" are excluded.

Analysis of Local Conditions

CENTRAL AND NORTHWEST MINNESOTA

By Ron Daws

LABOR FORCE ESTIMATES

AREA	CIVILIAN LABOR FORCE			UNEMPLOYMENT			UNEMP. RATE		
	Jan. 1986	Dec. 1985	Jan. 1985	Jan. 1986	Dec. 1985	Jan. 1985	Jan. 1986	Dec. 1985	Jan. 1985
St. Cloud MSA 1/	**84760**	**84321**	**85410**	**7498**	**6495**	**8417**	**8.8**	**7.7**	**9.9**
REGION 1	**40574**	**40948**	**41016**	**5423**	**4802**	**5845**	**13.4**	**11.7**	**14.3**
Kittson	2756	2748	2861	414	336	394	15.0	12.2	13.8
Marshall	5244	5235	5409	1198	1007	1177	22.8	19.2	21.8
Norman	3634	3583	3652	414	337	394	11.4	9.4	10.8
Pennington	6065	6110	6117	767	692	787	12.6	11.3	12.9
Polk	14350	14455	14541	1631	1531	1632	11.4	10.6	11.2
Red Lake	2069	2135	2096	493	469	459	23.8	22.0	21.9
Rosseau	6456	6662	6340	506	430	1002	7.8	6.5	15.8
REGION 2	**30591**	**30971**	**30733**	**4286**	**3754**	**4330**	**14.0**	**12.1**	**14.1**
Beltrami	16565	16594	16304	1794	1611	1887	10.8	9.7	11.6
Clearwater	3767	3723	3824	1054	833	1003	28.0	22.4	26.2
Hubbard	5813	6174	6204	877	799	888	15.1	12.9	14.3
Lake of Woods	2150	2169	2013	208	202	200	9.7	9.3	9.9
Mahnomen	2296	2311	2388	353	309	352	15.4	13.4	14.7
REGION 4	**97655**	**96291**	**95413**	**10091**	**8052**	**10326**	**10.3**	**8.4**	**10.8**
Becker	11791	11906	12068	2043	1287	2204	17.3	10.8	18.3
Clay	28188	26972	26577	2015	1718	1979	7.1	6.4	7.4
Douglas	13826	14263	13513	1313	1188	1234	9.5	8.3	9.1
Grant	3306	3140	3094	340	288	321	10.3	9.2	10.4
Otter Tail	23608	23780	24033	2823	2241	3115	12.0	9.4	13.0
Pope	4741	4747	4670	593	503	515	12.5	10.6	11.0
Stevens	5450	5534	5436	424	355	416	7.8	6.4	7.7
Traverse	2310	2353	2419	206	193	231	8.9	8.2	9.5
Wilkin	3535	3596	3603	334	279	311	9.4	7.8	8.6
REGION 5	**55944**	**56976**	**56707**	**7347**	**6466**	**7660**	**13.1**	**11.3**	**13.5**
Cass	9135	9563	9271	1553	1400	1507	17.0	14.6	16.3
Crow Wing	19403	19967	19431	2284	2050	2403	11.8	10.3	12.4
Morrison	12932	12984	13298	1735	1498	1934	13.4	11.5	14.5
Todd	9859	9782	10038	1163	994	1202	11.8	10.2	12.0
Wadena	4615	4680	4669	612	524	614	13.3	11.2	13.2
REGION 6E	**51191**	**51973**	**50663**	**5716**	**4968**	**5378**	**11.2**	**9.6**	**10.6**
Kandiyohi	9135	9563	9271	1553	1400	1507	17.0	14.6	16.3
McLeod	19403	19967	19431	2284	2050	2403	11.8	10.3	12.4
Meeker	9038	8853	8321	1532	1226	1106	16.9	13.8	13.3
Renville	9502	9744	9590	1125	1004	1200	11.8	10.5	12.5
REGION 7E	**55401**	**55643**	**54411**	**6359**	**5859**	**5716**	**11.5**	**10.5**	**10.5**
Chisago	16815	16881	16398	1541	1298	1288	9.2	7.7	7.9
Isanti	15001	15083	14584	1252	1506	1027	8.3	10.0	7.0
Kanabec	5836	5800	5471	830	758	848	14.2	13.1	15.5
Mille Lacs	8571	8696	8878	1098	961	1106	12.8	11.1	12.5
Pine	9258	9183	9130	1638	1336	1447	17.7	14.5	15.8
REGION 7W	**122566**	**122272**	**122310**	**10980**	**9427**	**11473**	**9.0**	**7.7**	**9.4**
Benton	13109	13070	13137	1194	1068	1263	9.1	8.2	9.6
Sherburne	16508	16360	16360	1766	1510	1671	10.7	9.2	10.2
Stearns	55143	54891	55911	4538	3917	5483	8.2	7.1	9.8
Wright	37806	37951	36900	3482	2932	3056	9.2	7.7	8.3

1/ Benton, Stearns, and Sherburne Counties

ST. CLOUD MSA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

INDUSTRY	EMPLOYMENT			PERCENT CHANGE	
	Jan. 1986	Dec. 1985	Jan. 1985	Month Ago	Year Ago
Total Nonagricultural Wage & Salary	61781	63411	59925	-0.3	3.1
Total Manufacturing	10955	10857	10255	0.1	6.8
Durable Goods	5937	5925	5878	0.2	1.0
Nondurable Goods	5018	4932	4377	1.7	14.6
Total Nonmanufacturing	51324	52554	49670	-2.3	3.4
Construction	2104	2573	2194	-18.2	-4.1
Transp., Comm. & Pub. Util.	3684	3669	3603	0.4	2.2
Wholesale Trade	3201	3201	2964	0.0	8.0
Retail Trade	14537	14855	14506	-2.1	0.2
Finance, Insur. & Real Estate	2211	2204	2095	0.3	5.5
Service & Miscellaneous	13008	13460	12581	-3.4	3.4
Government	12579	12592	11790	-0.1	6.7

The number of jobless and the unemployment rate for the St. Cloud MSA increased in January, 1986 over December, 1985, but this was basically seasonal. Over the year, however, there were 919 fewer jobless workers during January, 1986 than during January, 1985, which brought the rate down to 8.8 percent during January, 1985. Meanwhile from January to January, there were about 270 more jobs.

Among the nonagricultural wage and salary industries, Nondurable Gooods Manufacturing employed people in nearly 15 percent more jobs this January than last, and eight percent more jobs in Wholesale Trade. Services, which employs about one in five workers in the St. Cloud MSA, continues to gradually claim a largerproportion of the jobs. Finance, Insurance, and Real Estate (F.I.R.E.) gained another five and a half percent, while Construction's decline has occurred since December 1985 when the winter season claimed nearly one in five jobs.

The table below summarized monthly labor force trends during 1984 and 1985.

St Cloud MSA Labor Force*

	1984		1985	
	LF	Unemp. Rate	LF	Unemp. Rate
J	77794	10.2	85410	9.9
F	77896	9.8	85832	9.9
M	77990	9.5	85334	9.3
A	79652	8.0	85387	8.1
M	80263	6.8	85635	6.6
J	81348	7.0	85980	6.8
J	81231	7.3	85714	6.4
A	80043	7.2	85819	5.9
S	80208	6.5	84676	5.5
O	81708	6.9	85295	5.5
N	81772	8.1	85356	7.6
D	81452	9.5	84321	7.7
A.A.	80113	8.0	85397	7.4

*The number unemployed can be calculated by multiplying the unemployment rate by the labor force, and employment can be derived by subtracting unemployment from the labor force.

Analysis of Local Conditions

NORTHEAST MINNESOTA

By M. Casey

If one were to judge the economy of northeastern Minnesota solely on the basis of the estimated number of persons out of work in January 1986, compared with one year ago, a clear picture of improving economic conditions emerges. Some 4,100 fewer residents were looking for work this past January, and the rate of unemployment has fallen from 17.5 percent to 15.5 percent.

An analysis of the other component of the labor force series, however, fogs up this rosy picture. The estimated number of jobs has declined by nearly 4,300 positions. Frustration over employment prospects throughout the region has undoubtedly led to some jobseekers migrating to other parts of the state or nation, while some others have simply stopped looking for work, thereby joining the group labelled "discouraged workers" who are no longer part of the labor force.

NOTE: Both data series appearing on this page have recently been "benchmarked", or revised. These end-of-the-year revisions incorporate updated information which replaces data that had previously been estimated. Revisions of the "Duluth and Duluth-Superior Nonagricultural Wage and Salary Employment" series are now available for 1984 and 1985. Revisions for both areas' "Labor Force Estimates" series are available for 1985; 1984 data should be ready soon. Readers interested in these updated series should call (612) 296-3324.

LABOR FORCE ESTIMATES

AREA	CIVILIAN LABOR FORCE			UNEMPLOYMENT			UNEMP. RATE		
	Jan. 1986	Dec. 1985	Jan. 1985	Jan. 1986	Dec. 1985	Jan. 1985	Jan. 1986	Dec. 1985	Jan. 1985
REGION 3	**133,154**	**136,433**	**141,580**	**20,659**	**20,036**	**24,799**	**15.5**	**14.7**	**17.5**
Aitkin	5,362	5,501	5,475	932	836	1,169	17.4	15.2	21.4
Carlton	11,001	11,136	11,637	1,790	1,597	1,567	16.3	14.3	13.5
Cook	2,412	2,438	2,476	256	228	323	10.6	9.4	13.0
Itasca	17,015	17,438	17,951	2,814	2,685	3,046	16.5	15.4	17.0
Koochiching	7,916	7,976	9,055	948	949	1,584	12.0	11.9	17.5
Lake	4,241	4,133	4,282	836	699	773	19.7	16.9	18.1
St. Louis	85,207	87,811	90,704	13,083	13,042	16,337	15.4	14.9	18.0
Duluth Only	**32,569**	**32,867**	**33,486**	**3,135**	**2,353**	**3,137**	**9.6**	**7.2**	**9.4**
Balance St. Louis	**52,638**	**54,944**	**57,218**	**9,948**	**10,689**	**13,200**	**18.9**	**19.5**	**24.0**

DULUTH AND DULUTH-SUPERIOR MSA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

INDUSTRY	EMPLOYMENT DULUTH			PERCENT CHANGE		EMPLOYMENT DULUTH-SUPERIOR			PERCENT CHANGE	
	Jan. 1986	Dec. 1985	Jan. 1985	Mo. Ago	Yr. Ago	Jan. 1986	Dec. 1985	Jan. 1985	Mo. Ago	Yr. Ago
Total Nonagricultural Wage & Salary	**40,530**	**41,990**	**39,710**	**-3.5**	**2.1**					
Total Manufacturing	**3,430**	**3,640**	**3,410**	**-5.8**	**0.6**					
Durable Goods	1,520	1,620	1,690	-6.2	-10.1					
Nondurable Goods	1,910	2,020	1,720	-5.4	11.0					
Total Nonmanufacturing	**37,110**	**38,350**	**36,300**	**-3.2**	**2.2**					
Construction	730	950	930	-23.1	-21.5					
Trans., Comm., Pub. Util.	2,730	3,130	2,540	-12.8	7.5					
Wholesale Trade	1,680	1,730	1,700	-2.9	-1.2					
Retail Trade	8,940	9,410	8,980	-5.0	-0.4					
Finan., Insur., & Real Est.	1,730	1,740	1,730	-0.6	0.0					
Services, Mining, & Miscel.	11,540	11,600	11,050	-0.5	4.4					
Government	9,750	9,790	9,370	-0.3	4.1					

INFORMATION NOT AVAILABLE

Analysis of Local Conditions

SOUTHERN MINNESOTA

By M. Casey

LABOR FORCE ESTIMATES									
AREA	CIVILIAN LABOR FORCE			UNEMPLOYMENT			UNEMP. RATE		
	Jan. 1986	Dec. 1985	Jan. 1985	Jan. 1986	Dec. 1985	Jan. 1985	Jan. 1986	Dec. 1985	Jan. 1985
REGION 6W	**25,611**	**26,207**	**27,147**	**2,713**	**2,457**	**3,139**	**10.6**	**9.4**	**11.6**
Big Stone	3,299	3,377	3,478	306	251	324	9.3	7.4	9.3
Chippewa	6,533	6,683	7,015	743	684	958	11.4	10.2	13.7
Lac Qui Parle	4,385	4,419	4,676	399	362	462	9.1	8.2	9.9
Swift	5,437	5,543	5,853	684	640	762	12.6	11.5	13.0
Yellow Medicine	5,957	6,185	6,125	581	520	633	9.8	8.4	10.3
REGION 8	**62,105**	**63,402**	**64,007**	**5,573**	**4,931**	**5,693**	**9.0**	**7.8**	**8.9**
Cottonwood	5,979	6,035	6,224	550	510	602	9.2	8.5	9.7
Jackson	6,210	6,217	6,192	677	636	459	10.9	10.2	7.4
Lincoln	3,336	3,390	3,601	337	281	404	10.1	8.3	11.2
Lyon	12,885	13,359	13,695	1,161	1,067	1,478	9.0	8.0	10.8
Murray	4,740	4,802	5,044	561	468	666	11.8	9.7	13.2
Nobles	10,599	10,784	10,839	893	760	836	8.4	7.0	7.7
Pipestone	5,443	5,618	5,594	306	293	342	5.6	5.2	6.1
Redwood	8,463	8,719	8,205	805	675	663	9.5	7.7	8.1
Rock	4,450	4,478	4,613	283	241	243	6.4	5.4	5.3
REGION 9	**108,334**	**110,653**	**108,519**	**9,108**	**8,181**	**8,774**	**8.4**	**7.4**	**8.1**
Blue Earth	27,036	27,641	27,260	1,719	1,686	1,721	6.4	6.1	6.3
Brown	13,406	13,637	13,402	1,282	1,029	1,246	9.6	7.5	9.3
Faribault	8,785	8,993	8,726	1,029	761	878	11.7	8.5	10.1
Le Sueur	10,629	10,911	10,245	1,297	1,171	1,233	12.2	10.7	12.0
Martin	12,077	12,369	12,280	1,057	953	962	8.8	7.7	7.8
Nicollet	14,384	14,643	14,469	925	844	892	6.4	5.8	6.2
Sibley	7,053	7,115	7,255	734	729	765	10.4	10.2	10.5
Waseca	9,380	9,586	9,010	681	672	614	7.3	7.0	6.8
Watonwan	5,576	5,758	5,872	384	336	463	6.9	5.8	7.9
REGION 10	**214,676**	**215,897**	**211,693**	**17,854**	**14,935**	**16,439**	**8.3**	**6.9**	**7.8**
Dodge	7,552	7,733	7,326	924	760	817	12.2	9.8	11.2
Fillmore	10,271	10,265	10,372	1,166	978	1,234	11.4	9.5	11.9
Freeborn	16,899	16,983	16,765	1,604	1,294	1,406	9.5	7.6	8.4
Goodhue	19,812	20,069	19,787	1,490	1,428	1,514	7.5	7.1	7.7
Houston	8,883	9,063	9,274	746	674	787	8.4	7.4	8.5
Mower	19,990	19,194	19,000	2,071	1,238	1,378	10.4	6.4	7.3
Olmsted	57,942	58,338	57,351	3,276	2,929	3,059	5.7	5.0	5.3
Rice	25,924	26,122	24,801	2,342	2,026	2,060	9.0	7.8	8.3
Steele	14,441	14,536	14,458	1,250	1,005	1,171	8.7	6.9	8.1
Wabasha	8,596	8,777	8,741	1,055	961	1,014	12.3	10.9	11.6
Winona	24,366	24,817	23,818	1,930	1,642	1,999	7.9	6.6	8.4
Rochester City	35,216	35,441	34,762	2,188	1,964	1,960	6.2	5.5	5.6

ROCHESTER MSA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT					
INDUSTRY	EMPLOYMENT			PERCENT CHANGE	
	Jan. 1986	Dec. 1985	Jan. 1985	Month Ago	Year Ago
Total Nonagricultural Wage & Salary	54990	55730	53900	-1.3	2.0
Total Manufacturing	10720	10740	11020	-0.2	-2.7
Durable Goods	8870	8910	9320	-0.4	-4.8
Nondurable Goods	1850	1830	1700	0.9	9.1
Total Nonmanufacturing	44265	44990	42890	-1.6	3.2
Construction & Mining	1510	1680	1540	-10.2	-1.9
Transp., Comm., & Pub. Util.	1760	1810	1840	-2.8	-4.2
Wholesale Trade	1210	1240	1200	-1.8	1.4
Retail Trade	10310	10710	9940	-3.8	3.7
Fin., Insur., & Real Estate	1540	1550	1450	-0.3	6.4
Total Services	22150	22270	21420	-0.5	3.4
Health Services	15340	15340	15040	0.0	2.0
Other Services	6810	6940	6380	-1.8	6.7
Government	5780	5730	5510	0.8	4.9

Recent labor force estimates provided some puzzling signals for January, compared with one year ago. Employment levels were down in three of four regions in southern Minnesota, while unemployment increased in two of the regions. While it is logical to assume that an indirect relationship exists between these economic indicators, it is not definite that as one increases the other will decrease.

The puzzling aspect of this data series, however, is that the regions with the strongest declines in employment (6-W and 8), also recorded the strongest declines in unemployment. On the other hand, Region 10, with a relatively mild increase in employment, recorded a rather large increase in unemployment. These movements may indicate that more people from rural areas are either dropping out of the labor force, or are moving to more urban areas to seek work.

NOTE: Both data series appearing on this page have recently been "benchmarked", or revised. These end-of-the-year revisions incorporate updated information which replaces data that had previously been estimated. Revisions of the "Rochester MSA Nonagricultural Wage and Salary Employment" series are now available for 1984 and 1985. Revisions for the "Labor Force Estimates" series are available for 1985; 1984 data should be ready soon. Readers interested in these updated series should call (612) 296-3324.

Labor Force Statistics

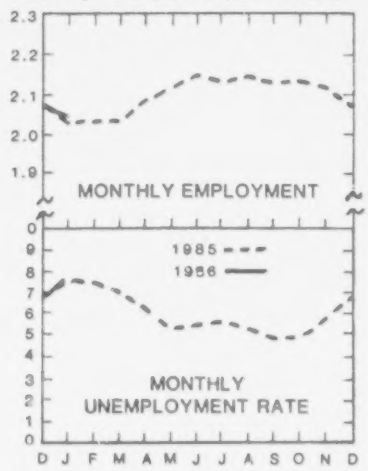
Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	January 1986	Change From Last Mo.	Change From Year Ago	January 1986	Change From Last Mo.	Change From Year Ago
Civilian Labor Force	2208.4	-28.3	14.6	115.4	-0.3	2.0
Employed	2038.3	-46.5	12.1	106.9	-1.1	2.6
Unemployed	170.1	18.2	2.5	8.5	0.8	-0.6
Unemployment Rate						
Actual	7.7	0.9	0.1	7.3	0.6	-0.7
Seasonally Adjusted	6.4	0.3	0.0	6.7	-0.2	-0.7

Historical Labor Force Series

Year	Minnesota (Annual Average in Thousands)				United States (Annual Average in Millions)			
	Labor Force	Employment	Unemployment Number	Unemployment Rate	Labor Force	Employment	Unemployment Number	Unemployment Rate
1970	1625.0	1557.0	68.0	4.2	82.8	78.7	4.1	4.9
1971	1664.0	1592.0	73.0	4.4	84.4	79.4	5.0	5.9
1972	1704.0	1630.0	73.0	4.3	87.0	82.2	4.9	5.6
1973	1766.0	1686.0	80.0	4.5	89.4	85.1	4.4	4.9
1974	1769.0	1691.0	77.0	4.3	91.9	86.8	5.2	5.6
1975	1790.0	1684.0	106.0	5.9	93.8	85.8	7.9	8.5
1976	1850.0	1740.0	109.0	5.9	96.2	88.8	7.4	7.7
1977	1909.0	1811.0	98.0	5.1	99.0	92.0	7.0	7.1
1978	1979.0	1903.0	76.0	3.8	102.3	96.0	6.2	6.1
1979	2039.0	1954.0	85.0	4.2	105.0	98.8	6.1	5.8
1980	2111.0	1985.0	125.0	5.9	106.9	99.3	7.6	7.1
1981	2154.0	2035.0	119.0	5.5	108.7	100.4	8.3	7.6
1982	2167.0	1998.0	170.0	7.8	110.2	99.5	10.7	9.7
1983	2176.0	1998.0	178.0	8.2	111.6	100.8	10.7	9.6
1984	2229.0	2088.0	141.0	6.3	113.5	105.0	8.5	7.5
1985	2234.0	2101.0	133.0	6.0	115.5	108.0	8.3	7.2

MN and the U.S., Employment & Unemployment Rate

MN, 1985 and 1986



Labor Market Conditions

The table and graphs in this section describe the behavior of the market for labor services in terms of its quantity, price, and supply. The quantity of labor services, which is the number of employed persons, is classified by industry. The price of labor services is roughly indicated by the industry wage. Unemployment estimates provide a qualified measure of excess labor supply. The degree to which persons participate in the labor market and the effectiveness of the market in utilizing labor services are indicated by Labor Force Estimates and by Other Rates of Labor Utilization.

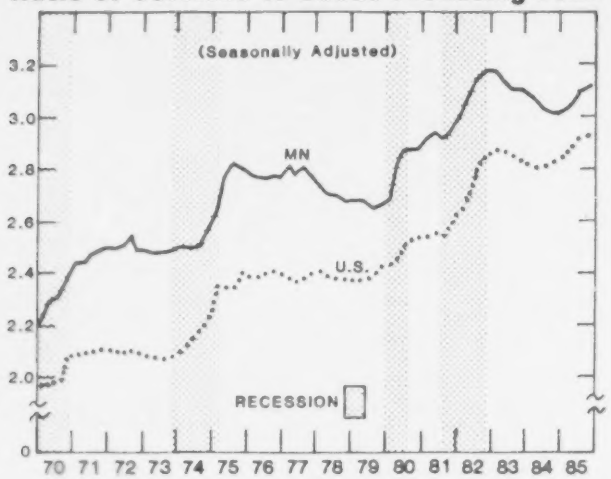
Labor Force & Establishment Data	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Thousands)		
	IV QTR. 1985	Percent Change from		IV QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
Labor Force Estimates						
Total Labor Force						
Actual	2247.3	0.2	-0.9	116074	-0.5	1.7
Seasonally Adjusted	2254.9	1.9	-0.9	116158	0.6	1.7
Employment						
Actual	2103.8	-1.0	-1.2	108258	-0.2	2.0
Seasonally Adjusted	2104.4	1.0	-1.2	107996	0.7	1.9
Unemployment						
Actual	143.5	22.9	4.1	7816	-5.1	-1.6
Seasonally Adjusted	150.5	14.8	3.9	8162	-1.3	-1.4
Unemployment Rates						
Actual	6.4	23.1	4.9	6.7	-5.6	-4.3
Seasonally Adjusted	6.7	13.6	4.7	7.0	-2.8	-2.8
Other Rates of Labor Utilization						
Participation Rt. (Labor Force/Population (16+)	70.0	1.6	-1.8	64.9	0.3	0.6
Full Employment Deficit - Percent of Workers1/	2.4	1.2	2.1	2.7	3.1	3.0
Manpower Utilization Rate2/	83.4	-0.1	-0.2	83.1	0.2	0.1
Nonagricultural Wage & Salary Positions						
Employment*	1888.7	0.4	1.4	98785	0.8	3.1
Mining	9.0	1.1	1.1	955	-1.0	-2.3
Construction	72.6	-1.1	1.1	4755	1.4	7.3
Manufacturing	372.7	-0.7	-2.1	19377	0.2	-1.0
Durables	223.0	-0.9	-3.0	11508	0.1	-1.4
Nondurables	149.7	-0.4	-0.7	7869	0.4	-0.3
Trans., Comm., & Public Utilities	99.1	-0.7	1.7	5342	0.8	2.1
Trade	478.1	0.7	1.2	23466	0.7	3.6
Fin., Ins., & Real Estate	111.5	0.7	3.8	6041	1.4	5.0
Services	444.3	0.8	3.5	22358	1.4	5.6
Government	301.4	1.4	2.6	16491	0.7	2.4
Average Weekly Hours*						
Mining	39.7	2.3	2.8	43.5	0.5	-0.2
Construction	38.3	1.6	-0.3	37.5	-0.5	-0.8
Manufacturing	40.0	-1.0	-0.7	40.8	0.7	0.7
Durables	40.6	-0.7	-1.2	41.4	0.5	0.2
Nondurables	39.3	-0.8	1.6	40.0	1.0	1.3
Trans., Comm., & Public Utilities	37.4	2.2	-0.3	39.5	0.3	0.5
Trade	30.0	0.3	0.3	31.7	-0.3	-1.2
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	36.4	0.3	-0.3
Services	n.a.	n.a.	n.a.	32.8	0.0	0.0
Average Hourly Wage						
Mining	12.58	-0.6	-1.6	12.03	0.8	3.4
Construction	15.42	-0.3	1.2	12.32	0.5	1.0
Manufacturing	10.21	1.9	3.5	9.62	1.1	3.4
Durables	10.47	1.6	4.5	10.22	1.2	3.7
Nondurables	9.86	2.3	2.5	8.76	0.7	3.1
Trans., Comm., & Public Utilities	12.00	1.0	2.7	11.54	1.1	2.7
Trade	7.63	0.7	2.0	6.92	0.7	2.1
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	8.09	2.0	4.8
Services	n.a.	n.a.	n.a.	8.12	2.5	4.5

1/ Four percent is a generally agreed upon criteria for measuring full employment. It allows for the movement of persons between jobs. Labor Force Unemployment Rate less four percent, based on official estimates.

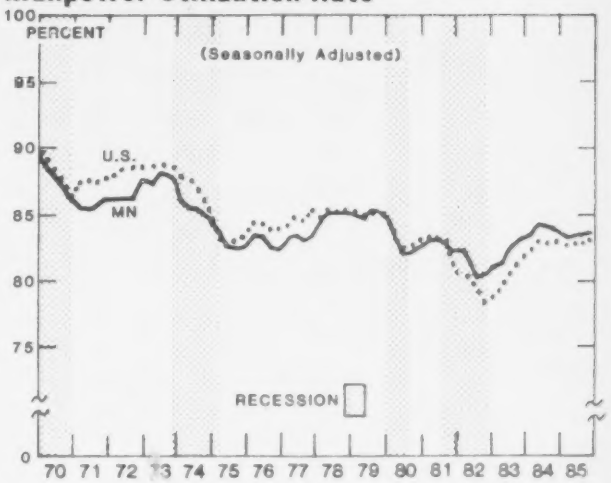
2/ Estimated worker hours expended in nonfarm payroll employment as a percent of potential worker hours assuming that each member of the nonfarm labor payroll labor force was employed at a standard rate of 40 hours per week.

Labor Market Conditions

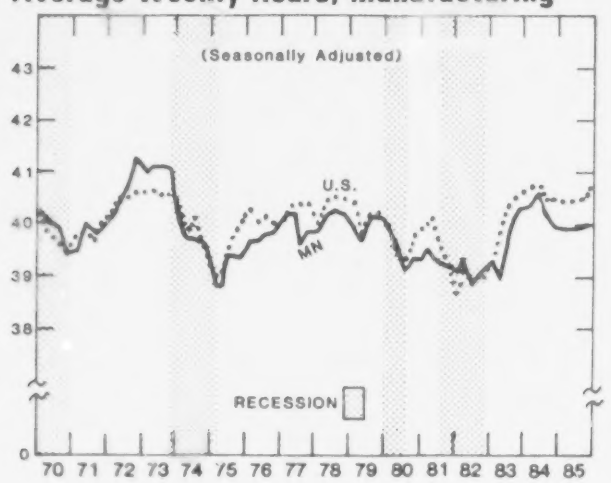
Ratio of Services to Goods Producing Jobs



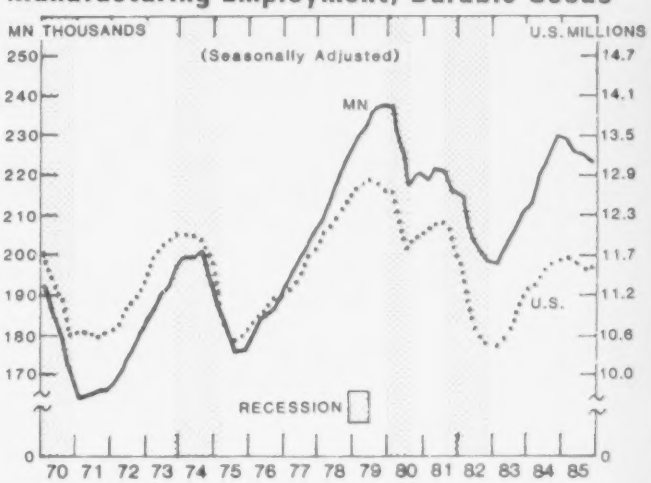
Manpower Utilization Rate



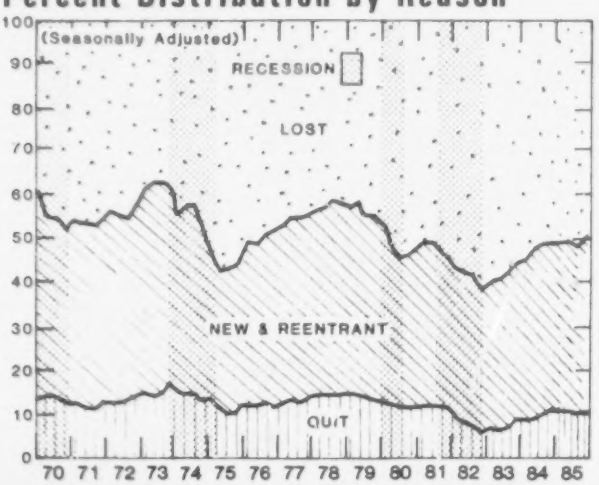
Average Weekly Hours, Manufacturing



Manufacturing Employment, Durable Goods



U.S. Unemployment: Percent Distribution by Reason



MN Weekly Initial Claims & Handbook Unemployment Rate

Labor Market Conditions

The Table below provides data on persons who file claims for unemployment compensation in Minnesota. Only those claiming benefits from the regular State program are represented, since data on the characteristics of Federal employees and veterans are not available, and data on those receiving benefits from extended programs is reported only when those programs are in effect. If those receiving extended benefits were included they would distort the numerical comparisons over time, but would not substantially change the percentage distributions other than to increase the proportion of long-term unemployed.

Persons Claiming Benefits	FOURTH QUARTER 1985			JANUARY 1986			
	Number	Percent Change From		Number	Percent Change From		Percent Long Term
		Last Qtr.	Year Ago		Month Ago	Year Ago	
By Age & Sex							
Male	29754	47.4	22.5	52423	19.3	2.3	10.1
Under 45	23059	47.0	20.7	40304	18.0	1.6	9.6
16-24	5178	64.7	9.7	9337	20.1	-2.2	7.4
25-34	11368	43.4	20.4	19889	18.8	1.6	9.7
35-44	6513	41.3	31.8	11078	14.8	5.1	11.2
45 and Over	6695	48.5	29.0	12119	23.7	4.8	12.0
45-54	3826	51.7	27.6	6930	22.2	2.9	11.1
55 and Over	2869	44.5	31.0	5189	25.7	7.5	13.3
Female	12110	-6.1	18.8	15060	13.3	7.6	19.6
Under 45	9088	-5.6	19.2	11125	11.9	7.6	19.2
16-24	2056	1.7	12.1	2621	14.1	0.7	14.6
25-34	4180	-7.5	17.9	5068	12.0	7.3	20.4
35-44	2852	-7.6	27.1	3436	10.2	14.2	20.9
45 and Over	3022	-7.4	17.4	3935	17.2	7.5	20.6
45-54	1735	-8.7	18.4	2240	18.0	9.4	19.2
55 and Over	1287	-5.7	16.1	1695	16.3	5.1	22.4
By Industry	41864	26.6	21.4	67483	17.9	3.5	12.2
Ag., For., Fish.	1006	276.8	18.1	2202	20.7	10.4	3.9
Mining	2322	79.7	-9.9	3708	-18.1	-32.2	3.8
Construction	7801	224.1	14.5	20664	34.0	5.1	2.1
Manufacturing	14429	5.1	58.0	18256	13.6	9.7	20.9
Pub. Utilities	1544	15.0	3.7	2890	36.2	-6.4	10.4
Wholesale Trade	2557	7.5	13.9	3472	13.5	1.2	18.1
Retail Trade	4005	9.6	16.3	5830	22.3	18.9	17.6
Fin., Ins., Real Est.	968	5.7	-13.6	1126	6.7	-6.1	24.8
Services	5758	-4.7	7.7	7250	10.8	9.5	18.5
Public Admin.	943	59.0	6.4	1246	4.9	0.0	14.7
Inf. Not Available	531	16.2	-9.1	839	23.7	-13.4	1.0
By Occupation	41864	26.6	21.4	67483	17.9	3.5	12.2
Prof., Tech., Mgr.	5676	-6.0	29.8	6485	8.3	27.6	26.4
Clerical	3982	-6.3	16.5	4693	10.6	16.7	23.6
Sales	1585	9.1	25.3	2013	12.8	25.3	22.3
Services	2608	13.6	0.5	3422	10.3	5.6	16.5
Farm., For., Fish.	866	353.4	8.7	1840	16.5	7.8	3.3
Processing	1791	20.2	58.2	3167	52.7	2.7	17.9
Machine Trade	3352	17.1	56.6	4177	8.7	24.1	23.1
Benchwork	5240	1.4	52.1	5967	4.5	4.8	18.0
Structural Work	9352	141.7	15.6	22566	32.1	3.2	3.6
Misc.	7227	38.9	4.2	12945	11.1	-14.3	7.4
Inf. Not Available	185	-28.0	-38.9	208	1.5	-53.3	8.6
By Duration	41864	26.6	21.4	67483	17.9	3.5	
0-14 Weeks	34937	34.1	17.1	59250	19.2	-0.8	
15+ Weeks (Long-Term)	6927	-1.4	49.0	8233	8.9	50.3	

Labor Market Conditions

MINNESOTA NONAGRICULTURAL WAGE & SALARY EMPLOYMENT, HOURS & EARNINGS

Industry	EMPLOYMENT 1/ (thousands)			PERCENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS 2/					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Jan. 1986	Dec. 1985	Jan. 1985	Dec. 1985	Jan. 1985	Jan. 1986	Jan. 1985	Jan. 1986	Jan. 1985	Jan. 1986	Jan. 1985
Total Nonagricultural	1839.6	1885.2	1808.8	-2.4	1.7						
Manufacturing	364.2	368.8	372.7	-1.2	-2.3	420.43	401.76	10.33	9.92	40.7	40.5
Durable Goods	219.0	220.6	227.3	-0.7	-3.7	435.72	409.28	10.55	9.91	41.3	41.3
Lumber and Furniture	16.2	16.3	16.4	-0.6	-1.2	413.98	400.98	11.01	10.33	37.6	38.8
Stone, Clay and Glass	6.2	6.8	6.9	-8.7	-10.2	386.08	369.41	10.52	10.29	36.7	35.9
Primary Metals	6.2	6.1	6.2	2.3	-0.2	390.50	396.93	9.21	9.26	42.4	42.8
Fabricated Metals	36.2	36.4	35.6	-0.5	1.7	478.68	454.37	11.37	10.87	42.1	41.8
Nonelectrical Machinery	85.1	85.4	94.5	-0.4	-10.0	465.09	453.35	11.10	10.28	41.9	44.1
Office and Computing	44.2	44.6	50.2	-0.9	-12.0	516.00	515.84	12.00	10.67	43.0	48.3
Electrical Machinery	27.0	27.6	28.9	-2.2	-6.4	339.44	299.92	8.34	7.73	40.7	38.8
Transportation Equipment	7.5	7.4	6.2	1.9	22.4	604.76	401.39	12.84	10.79	47.1	37.2
Scientific Instruments	28.6	28.5	27.3	0.3	4.8	413.82	403.38	9.90	9.71	41.8	41.4
Miscellaneous Manufacturing	5.9	6.1	5.3	-3.0	11.1	360.93	353.25	8.89	9.37	40.6	37.6
Nondurable Goods	145.3	148.2	145.4	-2.0	-0.1	399.19	389.86	10.03	9.92	39.8	39.3
Food and Kindred	40.6	42.7	42.1	-5.0	-3.7	366.38	349.92	8.98	8.64	40.8	40.5
Textiles and Apparel	4.3	4.4	4.5	-3.8	-5.4	245.23	224.46	6.61	6.45	37.1	34.8
Paper and Allied	32.5	33.0	33.1	-1.3	-1.8	504.98	489.30	11.91	11.54	42.4	42.4
Printing and Publishing	43.9	43.9	42.0	0.0	4.4	383.90	388.80	10.32	10.77	37.2	36.1
Chemicals and Petroleum	10.2	10.3	9.8	-1.4	3.5	467.41	456.44	11.29	11.16	41.4	40.9
Rubber, Plastic and Leather	13.9	13.9	13.8	-0.3	0.4	334.07	323.79	8.61	8.26	38.8	39.2
Nonmanufacturing	1475.4	1516.5	1436.1	-2.7	2.7						
Mining	6.1	6.1	5.2	-0.4	17.9	524.57	490.49	13.59	12.74	38.6	38.5
Metal Mining	4.9	4.6	4.0	7.5	22.7	543.33	510.08	13.79	13.53	39.4	37.7
Construction	57.5	67.7	56.0	-14.9	2.8	579.33	592.76	15.49	15.64	37.4	37.9
Transport., Comm., & Pub. Util.	97.8	99.9	95.8	-2.0	2.1						
Transportation	64.2	65.8	61.8	-2.5	3.8						
Trucking and Warehousing	26.2	27.2	25.2	-3.8	3.7	383.11	388.36	12.24	11.49	31.3	33.8
Communication and Public Util.	33.7	34.0	34.0	-1.1	-1.0	540.17	530.40	13.71	13.26	39.4	40.0
Trade	460.0	479.3	452.2	-4.0	1.7	233.10	219.78	7.77	7.45	30.0	29.5
Wholesale	114.9	116.6	114.7	-1.5	0.2	410.74	361.50	10.32	9.64	39.8	37.5
Retail	345.0	362.7	337.5	-4.9	2.2	181.97	178.70	6.69	6.57	27.2	27.2
Building Materials	15.8	17.1	16.0	-7.3	-0.9	318.10	320.98	8.46	8.77	37.6	36.6
General Merchandise	51.2	55.3	51.5	-7.4	-0.5	164.09	162.75	6.36	6.05	25.8	26.9
Food Stores	46.0	48.3	45.2	-4.6	1.9	197.53	198.61	7.08	7.17	27.9	27.7
Automotive	38.2	38.8	37.0	-1.7	3.1	353.97	315.62	8.74	8.60	40.5	36.7
Apparel	18.2	19.2	17.7	-5.2	3.0	111.38	123.05	5.46	5.34	20.4	22.9
Home Furnishings	14.5	15.0	13.7	-3.3	5.9	250.92	224.39	7.65	7.60	32.8	30.8
Eating and Drinking	113.6	119.0	110.5	-4.6	2.7	103.29	102.12	4.76	4.60	21.7	22.2
Fin., Insur., Real Est.	112.3	112.6	107.4	-0.2	4.6						
Finance	52.8	52.7	51.2	0.3	3.3						
Insurance	41.3	41.5	39.1	-0.5	5.8						
Real Estate	18.2	18.4	17.2	-1.1	6.0						
Services	433.0	439.1	419.1	-1.4	3.3						
Personal Services	21.8	22.1	20.6	-1.3	5.4						
Business Services	77.9	79.7	74.5	-2.3	4.6						
Repair Services	18.8	19.2	18.2	-2.2	3.5						
Health Services	140.5	140.8	138.0	-0.2	1.8						
Hospitals	49.1	49.4	49.8	-0.5	-1.4						
Nursing Homes	40.5	40.6	39.8	-0.2	1.7						
Legal Services	12.8	12.6	11.9	1.2	7.9						
Private Education	25.2	26.2	24.4	-3.9	3.3						
Government	308.7	311.8	300.5	-1.0	2.7						
Federal	32.6	32.8	31.1	-0.4	5.0						
State	77.4	76.4	76.1	1.3	1.7						
Education	42.3	41.3	41.7	2.3	1.5						
Local	198.6	202.6	193.3	-2.0	2.7						
Education	104.8	108.8	101.1	-3.7	3.6						

1/ Totals may not add because of rounding.

2/ Average earnings data are on a "gross" basis and are derived from reports of payroll for full and part-time production or nonsupervisory workers. The payroll is reported before deductions of any kind. Bonuses, retroactive pay, tips, payment in kind, and "fringe benefits" are excluded.

National Economic Activity
Spending, Output, Income, and Prices

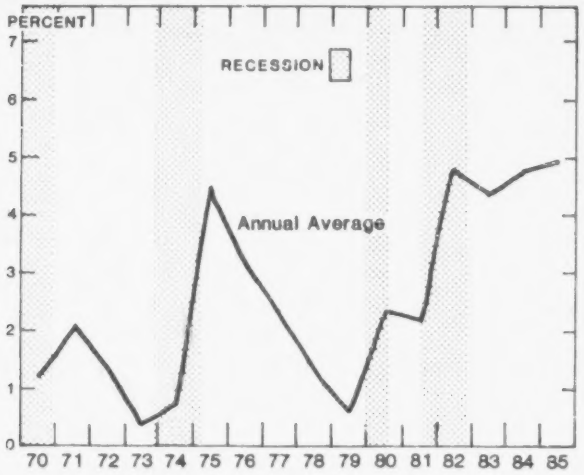
The overall level and composition of National Output shape labor market conditions, and nominal and real earnings. (Nominal values are not adjusted for inflation; real values are adjusted for inflation.) Personal Consumption Expenditures, especially on Durable Goods, together with data on Retail Sales, are frequently used as indicators of future levels of employment. The number of Building Permits influences the level of employment in construction and related industries. The Federal Budget Deficit is a key indicator of the stimulatory effect of government policy. Whether this effect results in inflation, improved employment conditions, or some combination of the two, depends in part, upon the degree to which present productive capacity is utilized. Present and anticipated Money and Credit Conditions determine the ability of consumers, business, and State and Local governments to borrow in order to finance purchases, which, in turn, generate income and employment.

Spending, Output, Income, and Prices	United States		
	IV QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago
Spending and Output			
Gross National Product (in Billions of 1972 Dollars)	3605.0	0.6	2.5
Personal Consumption Expenditures	2328.7	-0.1	2.9
Durable Goods	344.3	-4.2	5.1
Nondurable Goods	853.0	0.4	2.9
Services	1131.3	1.0	2.3
Gross Private Domestic Investment	662.2	2.7	0.3
Nonresidential, Fixed	485.4	2.5	6.0
Residential, Fixed	176.7	2.1	6.4
Net Exports	-127.6	#	#
Government Purchases	741.7	1.7	6.9
Federal	343.7	3.8	11.8
State and Local	398.0	0.0	2.9
Current Federal Budget Surplus (Deficit) 1/	-223.4	-201.3	-192.7
Current Federal Budget Surplus (Deficit) as % of GNP 1/	-5.5	-5.0	-5.0
Retail Sales (in millions of dollars)	116114	-0.7	5.6
Industrial Production (Base Year - 1977)	125.2	0.3	1.7
Housing Starts (Annualized in Thousands)	1726	3.2	8.0
Plant Utilization Rates	79.9	-0.5	-1.5
New Orders - Durable Goods (in millions of dollars)	105485	-0.7	4.7
Income and Credit			
Total Personal Income (in billions of dollars)	3357.4	1.8	5.4
Total Disposable Personal Income (in billions of dollars)	2847.1	1.7	4.5
Per Capita Personal Income			
Current Dollars	13982	1.5	4.4
1972 Dollars	4336	0.7	1.0
Median Family Income - Family of Four (in dollars)	35967	1.4	4.2
Poverty Threshold for Family of Four (in dollars)	10650		4.4
Average Weekly Earnings of Production Workers in Mfg.	395.09	2.6	3.9
Money and Credit			
Money Supply (M2) (in billions of dollars)	2550.5	1.5	8.7
Federal Reserve Discount Rate	7.50	0.0	-14.1
Prime Rate Charged by Banks	9.50	0.0	-19.5
Consumer Installment Credit as % of Disp. Pers. Income	18.8	2.7	15.1
Prices			
Consumer Price Index (All Urban Consumers)	326.5	0.9	3.5
Food	303.9	0.7	2.4
Housing	355.1	0.7	4.1
Apparel	210.4	2.2	2.8
Transportation	322.7	0.6	2.2
Medical Care	412.7	1.6	6.6
Personal Care	285.6	0.8	3.5
Producer Price Index	309.3	0.6	-0.2
Finished Goods	294.4	1.1	1.3
Raw Materials	308.1	3.9	-5.9

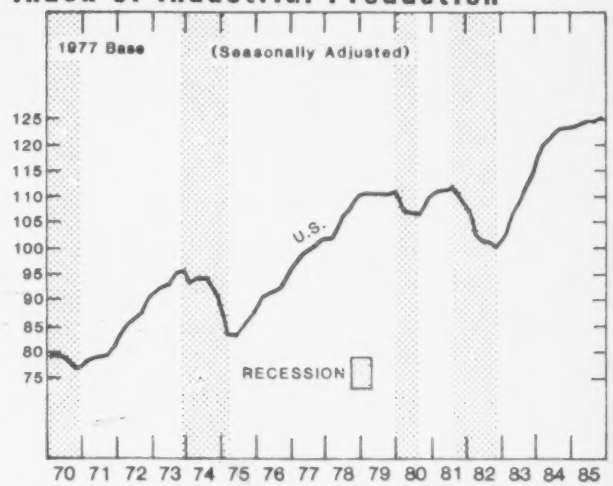
Percent change not applicable
1/ Represents values - not percent change.

Output, Expenditures, Money, & Credit Conditions

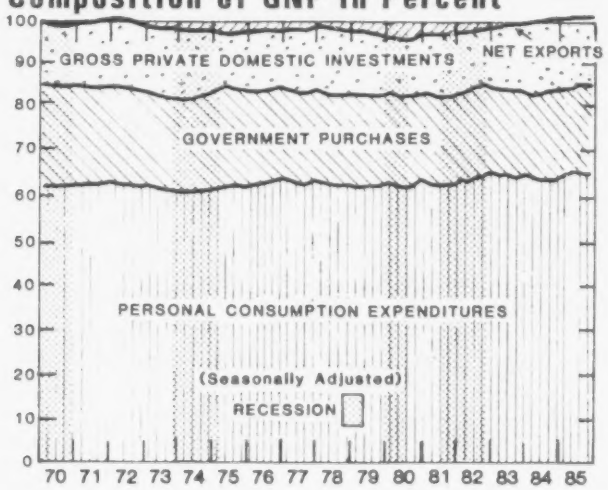
Federal Deficit as % of GNP (Current Dollars)



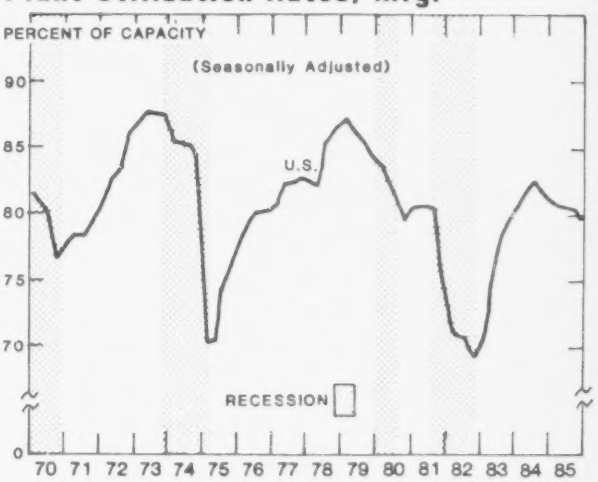
Index of Industrial Production



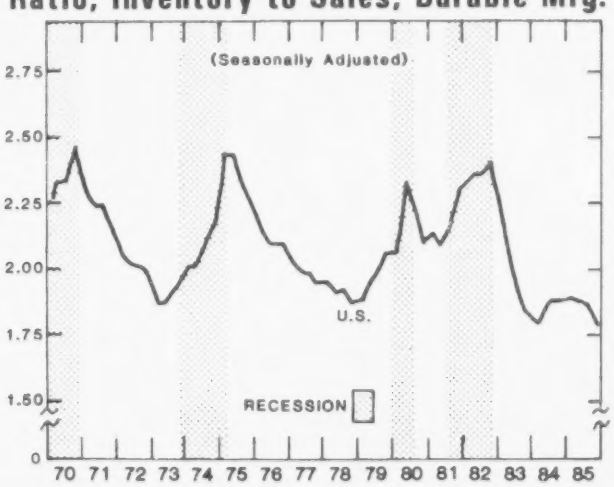
Composition of GNP in Percent


GROSS PRIVATE DOMESTIC INVESTMENTS
NET EXPORTS
GOVERNMENT PURCHASES
PERSONAL CONSUMPTION EXPENDITURES
(Seasonally Adjusted)
RECESSION
0 10 20 30 40 50 60 70 80 90 100
70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85

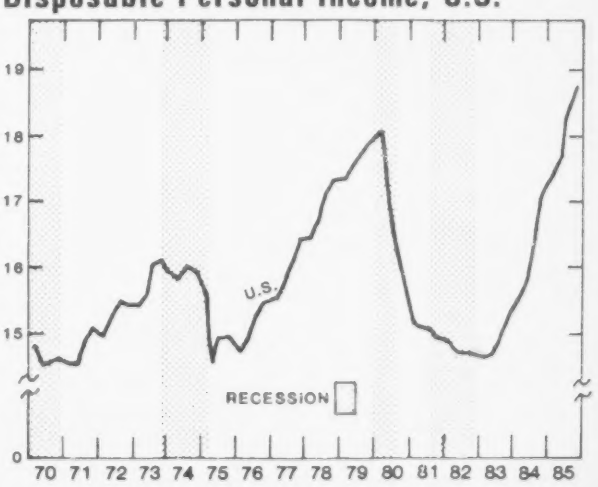
Plant Utilization Rates, Mfg.



Ratio, Inventory to Sales, Durable Mfg.

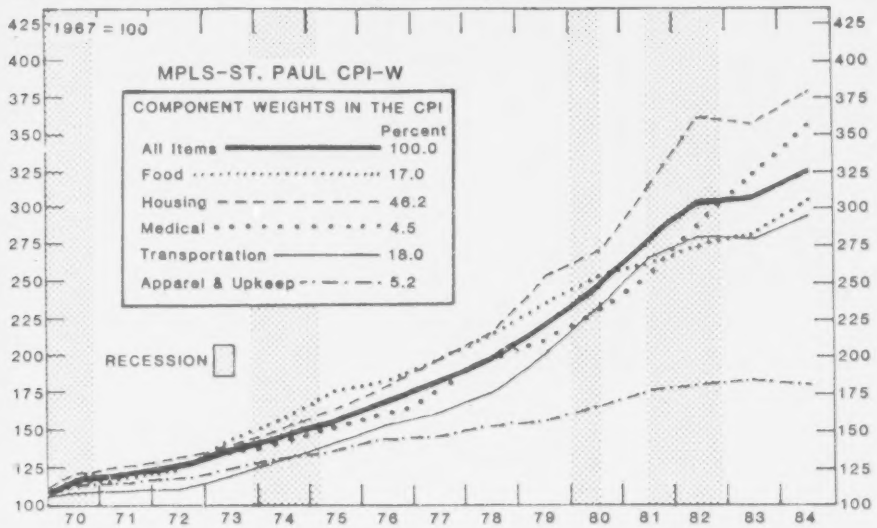


Ratio, Consumer Installment Debt to Disposable Personal Income, U.S.

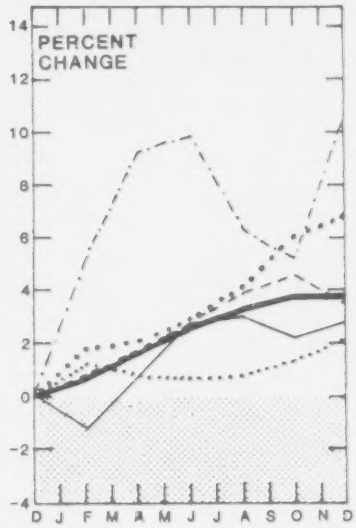


Income & Purchasing Power

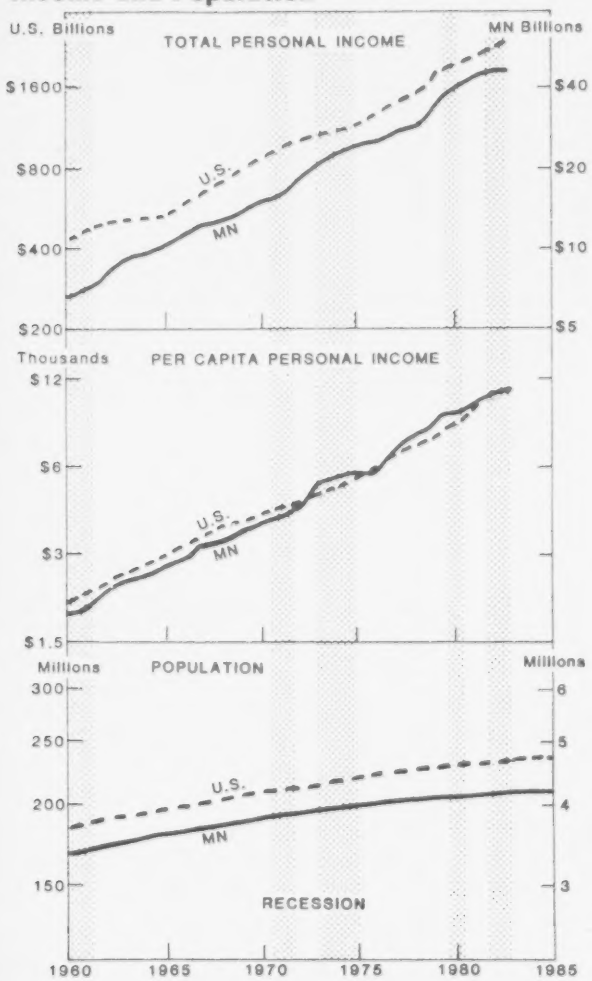
Consumer Price Index–Major Components



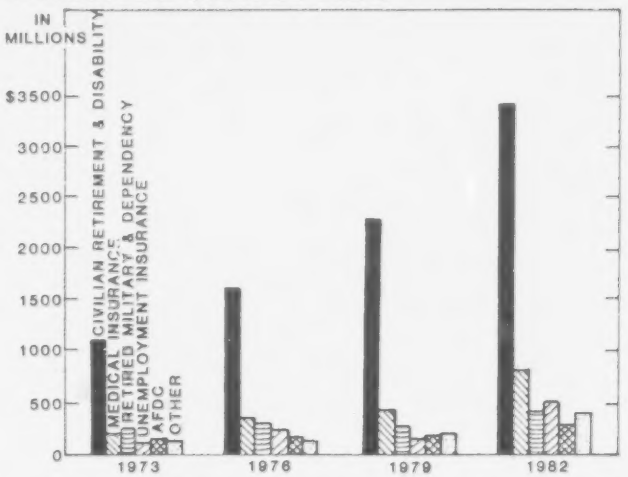
% Δ From Dec. 1984



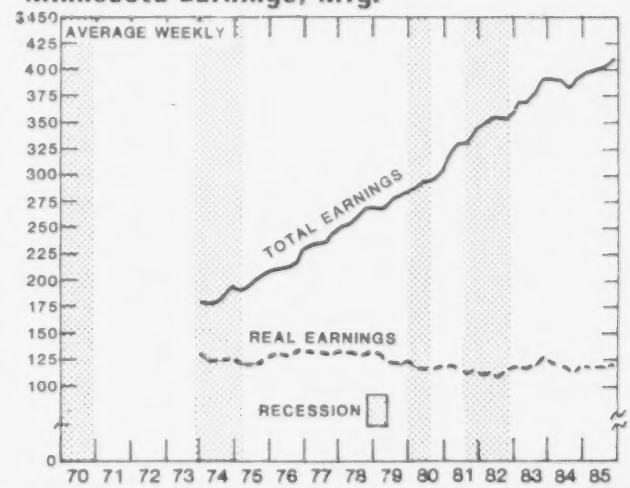
U.S. & MN Personal Income and Population



Government Transfer Payments To Individuals In Minnesota *(Selected Years)*



Minnesota Earnings, Mfg.



Minnesota Income Support and Employment Assistance Data

Presented below is data on income support and employment assistance programs provided to unemployed Minnesotans. Usually, the number of individuals receiving payments or employment and training assistance is the average of the three months in the quarter. In most programs there are eligibility requirements which must be met. In the table below, comparative data from a quarter ago and a year ago is presented. Because of seasonal swings in economic activity, quarter to quarter comparisons of program data can vary significantly. Year ago comparisons give a better indication of trends in the economy.

	Number of Persons			Amount Paid (Thousands)		
	IV QTR. 1985	Last Quarter	Last Year	IV QTR. 1985	Last Quarter	Last Year
Unemployment Insurance						
Total State	50048	37413	40901	$24,460,944	$16,971,101	$17,825,994
Northeast	7227	4986	7164	3,721,076	2,197,272	3,457,221
Northwest	6263	3887	5986	2,625,701	1,607,686	2,275,715
Central	6010	3880	5025	2,638,438	1,666,337	2,065,323
Metropolitan	20281	17361	14701	11,064,982	8,226,923	6,978,069
Southern	10266	7300	8024	4,410,747	2,872,883	3,049,664
General Assistance						
Total State	n.a.	n.a.	37055	n.a.	n.a.	$8,148,435
Northeast			6840			1,283,144
Northwest			3053			793,705
Central			2246			453,541
Metropolitan			20182			4,786,175
Southern			3834			831,870
Job Service						
Individuals served	107785	107962	136263			
Individuals placed	4458	11361	4786			
Vocational Rehabilitation						
Active Caseload	15648	15661	14876			
Percent Severely Disabled	54.8	54.9	56.4			
Closed-Employed	304	504	428			
Job Training Partnership Act (Title IIA)						
Participants	n.a.	n.a.	10264			
Entered Employment			1882			
Trade Adjustment Assistance (TRA)						
Individuals Entitled to Basic TRA	84	32	3			
Individuals Placed or Entered Training	6	5	14			
Targeted Jobs Tax Credit						
Individuals Vouchered	3182	2076	1328			
Individuals Certified	2160	1367	863			
Food Stamp Program						
Registrations	2628	2428	2376			
Individuals Entered Employment	145	155	140			
Work Incentive Program						
Registrants On-Board	25526	25913	23837			
Individuals Entered Employment	677	481	421			
MEED						
Individuals On-Board	3314	4905	6368			
Left Program with Unsubsidized Job	655	514	831			

FEATURE ARTICLE (CONTINUED FROM PAGE 10)

Texas, the layoffs in manufacturing in Illinois and an accounting error by the Bureau of Labor Statistics. On the brighter side, new housing starts and sales were very strong in January and mortgage interest rates fell even lower in February.

In spite of the many favorable developments, we believe that the economy will grow about 2.7 percent in 1986 - slower than many forecasters predict for 1986. We expect that sluggish capital spending caused by excess capacity, overbuilding and the slump in the oil industry together with declines in government purchases resulting from the Gramm-Rudmann Act and lower than generally expected housing starts and auto sales will partially offset the beneficial effects of the falling oil prices, the depreciating dollar and lower interest rates. Also, we do not believe that increases net worth of consumers caused by the surging stock market will necessarily translate into a large increase in personal consumption expenditures.

Available Publications

Write to: Director, Research and Statistics Office (See inside cover for address)

Review of Labor and Economic Conditions and its Monthly Supplement (Recent Issues)

Minnesota Employment Outlook to 1990 (February 1985)

Labor Market Information Summary for 1985 for Minneapolis-St. Paul SMSA (May 1984), St. Cloud SMSA (June 1984), Duluth SMSA (September 1984), and Minnesota (April 1984)

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings, January 1950 December 1954 (April 1985)

Employment, Hours, and Earnings, 1950-1985, Minneapolis-St.Paul Area (April 1985)

Important Minnesota Occupations by Industry (August 1984)

1982 Occupational Employment Statistics in Minnesota (April 1984)

1983 Occupational Employment Statistics in Minnesota (December 1984)

1985 Minnesota Salary Survey by Area (July 1985)

1985 Minnesota Hospitals and Nursing Homes Salary Survey (August 1985)

1985 Minnesota Wage Data by Industry and Size of Firm (September 1985)

Minnesota Labor Market Information Directory (June 1984)

Minnesota Employment and Wage Data by County (Second Quarter 1985) Limited number available for 1975-1983

Average Covered Employment & Wages by Economic Region for the Calendar Year 1984 by Two Digits of Industry (also available for 1976-1983)

Unemployment Compensation Program Statistics: Total Wages, Taxable Wages, Contributions Due, and Benefits Paid, 1950-1978

Cyclical Sensitivity in Minnesota (August 1981)